

4864. By Mr. LINDSAY: Petition of Nichols Copper Co., Laurel Hill, Long Island, N. Y., favoring the passage of House Resolution 319; to the Committee on Ways and Means.

4865. Also, petition of Warrior Ideal Democratic Organization, 9 Seigel Street, Brooklyn, N. Y., favoring a universal 5-day week; to the Committee on Labor.

4866. Also, petition of Louis Brosky, 213 Kent Street, Brooklyn, N. Y., executive secretary of the Unemployed and Unattached Veterans of Greenpoint, Brooklyn, N. Y., favoring the immediate payment of the adjusted-service certificates, House bill 1; to the Committee on Ways and Means.

4867. By Mr. NELSON of Maine: Petition of George S. Staples and 86 other citizens of Maine, urging support for House bill 9891, to provide pensions for certain railroad employees; to the Committee on Interstate and Foreign Commerce.

4868. By Mr. NOLAN: Petition of the city of Minneapolis, indorsing the Shipstead-Mansfield bill financing the river and harbor projects; to the Committee on Rivers and Harbors.

4869. Also, petition of organizations in Minneapolis, Minn., relative to the enactment of a law providing for Federal supervision of motion pictures; to the Committee on the Judiciary.

4870. By Mr. PEAVEY: Petition of numerous citizens residing at Ashland, Wis., protesting against compulsory Sunday observance; to the Committee on the Judiciary.

4871. By Mr. RAINEY: Petition of Robert Franknecht and 24 other citizens of Chicago, Ill., favoring the reduction of the Federal deficit without inflation by utilizing fully idle gold and other guaranties of currency; to the Committee on Banking and Currency.

4872. By Mr. ROBINSON: Petition signed by Henry Theed, jr., of Gladbrook, Iowa, and 18 other citizens of Gladbrook, Iowa, opposing the Federal sales tax; to the Committee on Ways and Means.

4873. Also, petition signed by George H. Hake, Belmond, Iowa, and about 100 other citizens of Belmond, Iowa, opposing the theater admission tax on the lower admission classifications, feeling that it will seriously handicap both local theater and general business conditions and cause the closing of many theaters in the smaller communities; to the Committee on Ways and Means.

4874. Also, petition signed by F. M. Kachelhoffer, of the Ackley Gun Club, Ackley, Iowa, and 42 others from Ackley and near-by towns, protesting against the 1-cent tax on shotgun shells; to the Committee on Ways and Means.

4875. By Mr. RUDD: Petition of Nestles Milk Products Co., New York City, favoring exemption of malt sirup in the proposed sales tax; to the Committee on Ways and Means.

4876. Also, petition of Association of Army Employees, Governors Island, N. Y., opposing salary reduction; to the Committee on Appropriations.

4877. Also, petition of William P. McGervey, Pittsburgh, Pa., referring to deduction of losses on worthless bank stock; to the Committee on Ways and Means.

4878. Also, petition of Richey, Browne & Donald, Maspeth, Long Island, N. Y., referring to the sales tax; to the Committee on Ways and Means.

4879. Also, petition of Ann Rose Frocks (Inc.) opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4880. Also, petition of allied salesmen of the Garment Industry (Inc.), New York City, opposing the sales tax; to the Committee on Ways and Means.

4881. By Mr. SCHNEIDER: Petition of residents of Hortonville, Wis., protesting against the levy of a sales tax on sausage, lard, canned meat, and cooked ham; to the Committee on Ways and Means.

4882. By Mr. SEGER: Letter from William Green, president of the American Federation of Labor, opposing any reduction in salaries of Federal employees; to the Committee on Expenditures in the Executive Departments.

4883. By Mr. SHOTT: Petition of 100 members of Williamson Chamber of Commerce, and including the repre-

sentatives of the wholesale and retail merchants, bankers, and manufacturers of Williamson, W. Va., urging that Congress enact legislation providing that bus and truck lines be placed under the rules and regulations and direction of the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

4884. By Mr. STALKER: Petition of members of the Woman's Christian Temperance Union of Washington, D. C., opposing the resubmission of the eighteenth amendment to be ratified by State conventions or by State legislatures, and supporting adequate appropriations for law enforcement and for education in law observance; to the Committee on the Judiciary.

4885. Also, petition of residents of Hornell, N. Y., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4886. By Mr. SWANSON: Petition of Parent-Teacher Council of Council Bluffs, Iowa, favoring House bills 5859 and 1867, for investigation of communists and for strengthening of immigration laws; to the Committee on the Judiciary.

4887. By Mr. SWING: Petition signed by 58 citizens of San Diego, Calif., protesting against legislation making Sunday observance compulsory; to the Committee on the District of Columbia.

4888. By Mr. TEMPLE: Petition of Grand Theater, 104 East Lincoln Avenue, McDonald, Pa., suggesting amendments to the Vestal bill; to the Committee on Patents.

4889. By Mr. TIERNEY: Petition relating to General Pulaski's Memorial Day; to the Committee on the Judiciary.

## SENATE

THURSDAY, MARCH 24, 1932

(Legislative day of Wednesday, March 23, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 1590) granting certain public lands to the State of New Mexico for the use and benefit of the Eastern New Mexico Normal School, and for other purposes.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 8087. An act authorizing the Secretary of the Interior to vacate withdrawals of public lands under the reclamation law, with reservation of rights, ways, and easements;

H. R. 8914. An act to accept the grant by the State of Montana of concurrent police jurisdiction over the rights of way of the Blackfeet Highway, and over the rights of way of its connections with the Glacier National Park road system on the Blackfeet Indian Reservation in the State of Montana; and

H. R. 10495. An act amending an act of Congress approved February 28, 1919 (40 Stat. L. 1206), granting the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water, and for other purposes, so as to include additional lands.

### ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 3282. An act to extend the times for commencing and completing the construction of a bridge across the Bay of San Francisco from the Rincon Hill district in San Francisco by way of Goat Island to Oakland; and

S. 3409. An act authorizing the Secretary of the Interior to sell certain unused Indian cemetery reserves on the



Wichita Indian Reservation in Oklahoma to provide funds for purchase of other suitable burial sites for the Wichita Indians and affiliated bands.

#### HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Public Lands and Surveys:

H. R. 8087. An act authorizing the Secretary of the Interior to vacate withdrawals of public lands under the reclamation law, with reservation of rights, ways, and easements;

H. R. 8914. An act to accept the grant by the State of Montana of concurrent police jurisdiction over the rights of way of the Blackfeet Highway, and over the rights of way of its connections with the Glacier National Park road system on the Blackfeet Indian Reservation in the State of Montana; and

H. R. 10495. An act amending an act of Congress approved February 28, 1919 (40 Stat. L. 1206), granting the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water, and for other purposes, so as to include additional lands.

#### AMENDMENT OF TARIFF ACT OF 1930

The VICE PRESIDENT. The tariff bill is before the Senate, and the question is on the amendment in the nature of a substitute proposed by the Senator from Mississippi [Mr. HARRISON].

The Senate proceeded to consider the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ind.
Austin	Couzens	Kean	Schall
Bailey	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Smith
Barkley	Dill	Logan	Smoot
Bingham	Fess	McGill	Steiwer
Black	Fletcher	McKellar	Thomas, Idaho
Blaine	Frazier	McNary	Thomas, Okla.
Borah	George	Metcalf	Townsend
Bratton	Glass	Morrison	Trammell
Brookhart	Glenn	Moses	Tydings
Broussard	Goldsborough	Neely	Vandenberg
Bulkeley	Gore	Norbeck	Wagner
Bulow	Harrison	Norris	Walcott
Byrnes	Hatfield	Nye	Walsh, Mass.
Capper	Hayden	Oddie	Walsh, Mont.
Caraway	Hebert	Patterson	Waterman
Carey	Howell	Pittman	Watson
Coolidge	Hull	Reed	White
Copeland	Johnson	Robinson, Ark.	

Mr. TOWNSEND. I desire to announce that my colleague the senior Senator from Delaware [Mr. HASTINGS] is unavoidably detained from the Senate. I will let this announcement stand for the day.

Mr. SHEPPARD. I wish to announce that my colleague the junior Senator from Texas [Mr. CONNALLY] is necessarily absent because of a death in his family.

Mr. GEORGE. My colleague the senior Senator from Georgia [Mr. HARRIS] is still detained from the Senate because of illness. I will let this announcement stand for the day.

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is absent in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

Mr. HARRISON. Mr. President, the object of this legislation is to restore to Congress the power designed by the fathers of laying taxes upon the American people. The bill as it passed the House and the substitute which has been offered in behalf of the minority members of the Finance Committee differ not a great deal. The purposes are the same.

It will be recalled that in 1922 in the Fordney-McCumber Act the Tariff Commission was given the power to increase or reduce rates 50 per cent, Congress withholding, of course, the right to take items that were on the free list and impose any duty upon them or to place on the free list any items that were dutiable. The object of the legislation is to take away from the Tariff Commission that power and to lodge it back with the Congress.

The bill as it passed the House not only does that but it creates in the Tariff Commission the position of a consumer's counsel, designed and intended to represent the consuming public in matters before the Tariff Commission.

Third, the House bill sought to have the President of the United States inaugurate a movement for an international economic conference, the purpose of which was the lowering of excessive tariff duties and eliminating discriminatory and unfair trade practices and other economic barriers affecting international trade, preventing retaliatory tariff measures and economic wars and promoting fair, equal, and friendly trade and commercial relations between nations.

The House bill sought to do those three things, to restore to Congress the power to fix tariff rates, the holding of an international economic conference, and the creation of the position of consumers' counsel.

The substitute bill which is now being considered by the Senate does not disturb in essentials the bill as it passed the House taking away from the Tariff Commission the right to fix duties. It only clears up some ambiguities and lays down more particularly and definitely what factors shall enter into consideration by the Tariff Commission in ascertaining the difference in cost of production. It proposes to reincorporate the provision of the House bill calling for an international economic conference; it proposes to reincorporate the provision for the creation of a consumers' counsel; and it goes one step further and requests the President to inaugurate proceedings to bring about reciprocal trade agreements.

In passing, Mr. President, permit me to say that whatever the work of the proposed international economic conference may be, whatever trade agreements it may formulate, whatever understandings may be arrived at as to reducing excessive rates or removing trade barriers, a report must be submitted to Congress and action must be taken by Congress before any final result shall be reached. The same thing is true as to the provision that invites the President to undertake to negotiate reciprocal trade agreements for the purpose of bringing about mutual tariff concessions. Whatever agreements may be entered into, they must not merely be reported to the Senate but they must be reported to the American Congress and be ratified and confirmed by the Congress before they shall become effective. That is the legislation we are seeking to enact.

Of course, my distinguished friend from Indiana [Mr. WATSON] and the Senator from Utah [Mr. SMOOT] and others, if the speech made by the Senator from Indiana over the radio the other night is to be accepted as an indication of the line of attack on this proposed legislation, will bring up the bugaboo that we are again about to get into the League of Nations; that we are going to allow other countries to fix our tariff duties; and that we are treading on very delicate and dangerous ground. I answer that contention merely by the suggestion that all we seek to do, in order that we may again build up some export trade and commerce, is to create a world sentiment favorable to the reduction of excessive tariff rates and the removal of trade barriers and discriminations, and, in any event, a report must be submitted to Congress.

No one will be deceived by the suggestion advanced by the Senator from Indiana that there might be international complications. Before I shall have finished, Mr. President, I will call to the attention of the Senate the fact that what we propose to do along the line of endeavoring to get some reciprocal trade agreements and mutual tariff concessions is exactly what the Republican Party attempted to do in the Fordney-McCumber law, because as that bill passed the



House of Representatives there was a provision in it to that effect.

Recurring, Mr. President, to the flexible-tariff provision, which is really the milk in the coconut, I desire to say that we are not attempting to do any radical thing, we are not attempting to do any extreme thing with reference to tariff legislation. We are merely trying to formulate a plan which will prove most effectual in the future in working out a tariff-revision program.

The provision in the present law giving to the Tariff Commission the right to increase or lower tariff duties is a new idea. It was never thought of previously to 1922. So far as I have been able to ascertain from my search of the CONGRESSIONAL RECORD, the first proposal that was made to carry out that scheme was in 1922. It was offered at that time, as I shall show, merely as a temporary proposal. No one dreamed that it was to be a permanent feature of our governmental structure; no Senator lifted his voice and said that he was for it as a permanent policy of this Government. Why? Because for 140 years this Government had existed under a constitution giving to Congress the power to fix taxes upon the American people, to levy duties at our customhouses. That plan had worked very well through these years, it was the conception of the founders of the Government, and consequently no one until 1922 had the audacity even to suggest a plan that would take away from the Congress of the United States the power to levy taxes and to fix duties at the customhouses.

I will be pardoned I hope for reviewing the history of that proposal. Senators now within the sound of my voice will recall that the then distinguished chairman of the Ways and Means Committee of the House of Representatives, Mr. Fordney, whom we all admired in his lifetime and whose memory we now respect, a splendid gentleman, was among the highest of all protectionists who ever walked the public stage. He boasted of the fact that a tariff could not be fixed too high for him. Indeed, he almost asserted he would be willing to put a tariff wall around this Government so high that we should live entirely to ourselves with respect to trade and commerce.

So, as a Member of the other House, he conceived the idea in framing that legislation of providing an American valuation scheme, something that had never previously been proposed in this country except once, away back in 1868, as I recall, and it was proposed then because of certain abnormal conditions then existing, Congress repealed it as soon almost as it was passed. However, Mr. Fordney conceived and put through the House the plan of fixing tariff rates on the American valuation plan, the whole idea being to get rates as high as possible. It was a fine scheme for the protectionists, but it was so indefensible that even my good friend from Indiana [Mr. Watson] and the present distinguished chairman of the Finance Committee [Mr. Smoot] when the bill came over here—and I say it to their credit—would not stand for that proposal. So it was stricken out in the McCumber end of that legislation.

But what did they do? They struck out the American valuation plan, which sought to increase the rates much above the high figures which were provided in that measure; but because, as they said, there was an exceptional situation in the country, because there were abnormal conditions confronting the world, because the currencies of foreign countries were depreciated and exchange was all out of joint, in order to meet the then extraordinary and abnormal conditions, they decided that they would try out a flexible provision in the law. So they gave the Tariff Commission, which had already been created, the power of increasing to the extent of 50 per cent or reducing to the extent of 50 per cent the duties on goods coming into this country. It was offered as a temporary suggestion, and, as I say, no one argued that it should be a permanent feature of our governmental structure.

To show that that is true, in the discussion of what we are trying to do now, I want to read just briefly from some of the arguments which were then made. The flexible pro-

vision was recommended by the Finance Committee, but when it reached the floor of the Senate a Republican Senator argued against it and offered an amendment to it to the effect that it should apply for only two years, and the amendment he offered made it operative accordingly.

The author of the amendment was the then distinguished Senator from New Mexico, Mr. Bursum. His argument was so strong and forceful, as were the arguments of other Senators against that proposal and in favor of his amendment, that the amendment was adopted by the Senate without any partisan character whatever. The Bursum amendment, which limited the operation of the flexible provision to practically two years, was adopted in this body by a vote of nearly 2 to 1. In looking over the list of distinguished Senators who at that time voted to make the provision operative for only two years, thus putting their stamp of approval on the proposition that it was merely of temporary character, one can not decide whether there were more Republicans or more Democrats who voted for it; indeed, it is my belief that there were on the roll call more Republicans who voted for the Bursum amendment than voted against it. The vote was—yeas 34, nays 19; and in looking over the list of distinguished Senators who now adorn this Chamber and who voted on that roll call I see the name of CAPPER; I see the name of McNARY, one of the able leaders on the other side; I see the names of MOSES, NORBECK, ODDIE, and SHORTRIDGE. Those Senators who are here now voted at that time. Of course, I know that the distinguished Senator from Idaho [Mr. BORAH] and other distinguished Senators were at that time in favor of making the flexible provision temporary, but, unfortunately, they did not vote on that particular amendment. There were only 19 votes against that proposal. In arguing the question, this is what Mr. Bursum said:

Mr. WALSH of Montana. What is the date fixed by the Senator in his amendment?

Mr. BURSUM. Two years; until December, 1924.

Mr. WALSH of Montana. Would it not suit the Senator a little better if he fixed it the 4th of March, 1925?

Mr. BURSUM. No. I have no disposition, in submitting this amendment, to undertake in any way to curtail the prerogatives of any President. The amendment is offered in good faith. My position is that the proposal to delegate this power to the President is a departure and an unusual procedure. It involves a great national issue, an issue which has not been submitted to the people of this country.

It can only be justified, to my mind, upon the assumption that there is chaos all over the world to-day, that values are upset in all of the countries of the world, that the rates of exchange are erratic, that values are constantly changing, and it may be possible, and is probable, that some of the rates which have been agreed upon by the Senate committee and adopted by the Senate, while they may be fair and just at this time, three months from now or six months from now may be entirely too high, may be out of all proportion, and upon that theory, and assuming that those are the actual conditions existing in the world to-day, this change might be justified. I think it is justified as an emergency relief which could not be obtained through any other method or through the usual proceedings of legislation.

This amendment would limit to two years the time of the extension of the authority granted by the amendments to section 315. If during those two years the experience has proven satisfactory to the country, it will not be difficult for Congress to continue this authority if the country believes it wise and if the Congress agrees to it. It might be said that we can repeal the law if it is not agreeable. I submit that that is putting an unnecessary burden upon Congress, the burden of repealing this authority.

I believe we can trust Congress to reenact this provision if it is in the future found necessary, and if it is not found necessary it will not be reenacted. I have grave doubts personally as to the wisdom of a permanent change of this character. I am of the opinion that Congress is amply able and capable of designating the rates of duty and providing for the raising of revenue; but under the circumstances, under the extraordinary conditions which exist all over the world, the uncertainty of values, the constant changes in every line of industry which affect our imports, for the purpose of serving this vital emergency, the delegation of authority may be justifiable.

Mr. McCumber, who was in charge of the bill as chairman of the Finance Committee at that time, in the discussion said:

Now I want to say a word upon the other proposition. I agree with the Senator from New Mexico that this is something in the nature of an emergency measure, to meet conditions which may arise in the near future, and before prices become stabilized



throughout the world. I would not want this provision to remain a part of our laws for any greater length of time than would be necessary, and that would be determined, in my opinion, by the length of time that would elapse before conditions return to a normal state.

I want to say in all candor to the Senator that I fully understand that the Senator does not like this provision at all; and I do not like it, except for this particular purpose.

Further on Mr. McCumber said:

Further, I want to say to the Senator from New Mexico that when Congress thinks it ought to change this law it can do it. It can do it in one year or in two years, and I think it is better to leave to Congress the duty of ascertaining and determining when it is longer necessary or proper to continue this power; and that time will be, as I have suggested, when we have reached a more normal condition.

Further on Mr. McCumber said:

The reasons given by the Senator do not appeal to me. It seems to me that we may trust Congress and trust the President, whether he is Democratic or Republican, to carry out the law until Congress repeals it, and we can trust Congress to repeal it whenever the conditions justify it.

Why, even my good friend from California [Mr. SHORTRIDGE], one of the distinguished members of the Finance Committee, who voted to make the time two years, said:

Personally, I am at this moment inclined to favor a limitation as to the time of the power which is here proposed to be delegated under the pending amendment.

And all the arguments that were made at that time were that the provision was adopted by the Finance Committee to meet an extraordinary condition in world affairs, purely temporary in character, and that it would be repealed whenever those conditions warranted. So, Mr. President, that being true, it seems to me that there is no better time to repeal the provision than now.

After the Senate, by a vote of 2 to 1, adopted the provision limiting the power to two years, the matter went into conference between the House and the Senate. The conference committee included my distinguished friend from Utah [Mr. SMOOT], the distinguished chairman of the Senate committee at that time, Mr. McCumber, and the distinguished chairman of the House committee, Mr. Fordney, with his high ideas of extreme protection. Of course, with those gentlemen on the committee, you can imagine what happened to the limitation when it got into conference. It went out, just as the amendment of the distinguished Senator from Nebraska [Mr. NORRIS] respecting trust-controlled goods and a consumers' counsel and the flexible provisions that we incorporated here, and many other provisions went out of the Smoot-Hawley bill when it was considered by the conferees.

So, Mr. President, we seek to restore to Congress at this time the power to pass on these rates after they are determined by the Tariff Commission.

Mr. President, I have a very strong conviction that if this proposed legislation can become the law, it is going to do more to stabilize tariff legislation than anything else we could do. I appreciate, and I am sure my friend from Indiana [Mr. WARSON] appreciates, that it is almost impossible for a committee, without expert advice, to write tariff duties on the basis of difference in cost of production here and abroad. The Tariff Commission has had a great deal of friction in years gone by. They have had their controversies there. They have had them over the question of transportation and innumerable other things that arose that really caused hard feelings and jealousies within the Tariff Commission. But in this legislation we lay down so plainly and so particularly what factors the Tariff Commission shall consider in ascertaining differences in cost here and abroad that we will eliminate in the future, or ought to eliminate in the future, any friction within the membership of the Tariff Commission.

For instance, until we passed the Smoot-Hawley bill there was nothing in the law prescribing to what extent transportation should be taken into consideration by the commission in ascertaining the difference in cost of production here and abroad. The Tariff Commission had gotten into innumerable squabbles as to where the transportation charge

was to be applied—whether it should be applied to the port of New York, even though that might not be the consuming area; whether it should be applied to San Francisco, which might not be the consuming area; or whether on a domestic matter, such as sugar, it should be applied from Utah or Colorado to Chicago, which might be the consuming area, or whether the domestic producers should be given the advantage of applying it all the way from there to New York, where the Cuban sugar comes in. So we laid down in this legislation, so that no expert would have any doubt about the meaning, the definition of transportation charges and where those things shall apply.

We go farther. In days past the Tariff Commission, in trying to ascertain the difference in cost, have not taken into consideration the economic location of the particular domestic industry that they were considering. They have not taken into consideration the efficiency of that particular industry. We say that when the difference in cost of production here and abroad is to be ascertained, it ought at least to be applied to efficiently operated industries here, as well as to economically located industries here. That is an innovation in the law. It is one of the real safeguards that will take care of the consuming people in this country when we commence to fix rates upon the basis of difference in cost of production here and abroad.

I recall, in serving on the agricultural subcommittee of the Committee on Finance, I believe, during the consideration of the Smoot-Hawley bill, that some sugar interests, for instance, from Indiana came before our committee, and the facts disclosed that they operated for only six weeks in the year; and they wanted such a tariff duty on sugar as would permit them to make a profit running only six weeks in the year! If this bill is passed, they can not do that, because either they are inefficiently operated or they are not economically located.

It will be recalled that during the consideration of that tariff bill in 1929 the glass people, for instance, wanted a very high duty on certain kinds of glass. It was shown that the American Window Glass people operated old, antiquated machinery; but the Libbey-Owens people, who had for 10 years amassed tremendous profits and declared abnormal dividends, their stock rising away up, making tremendous amounts of money, had adopted the new and modern method of machine blowing the glass, and so forth. Here was one part of the industry that was losing money, and here was another part that was making money. Consequently, the people operating in the old, antiquated way wanted a high duty in order to protect them, which would have given still higher dividends and greater profits to the Libbey-Owens people, who had the modern machinery.

I am glad to know, if I read correctly and my information is correct, that the American Window Glass people and the other parts of the industry that operated in the old, archaic fashion have now adopted the modern method; but if this law is passed, the commission will investigate, not these old, inefficient methods, not the uneconomically located plants, but the efficiently managed and economically located institutions, and ascertain the difference in cost of production on a consideration of those matters.

So, Mr. President, the other things are clarified in this provision that lays down the factors that the Tariff Commission shall investigate in ascertaining the difference in cost.

One of the differences between the Senate substitute offered by the minority of the Finance Committee and the House bill is this, and it is most important:

We state that after the commission ascertain the difference in cost, they shall go beyond that, and they shall make a report to the Congress with their findings; and as to that report for the guidance of the Committee on Ways and Means of the House and the Finance Committee of the Senate the substitute says:

In connection with its investigations as to differences in costs of production the commission shall inquire into the following matters and shall include in its reports pursuant to this section a summary of the facts with respect to such matters.



These are the things they are going to report to us, so that we can have the data upon which to write the fair and the just duty, and ascertain the difference in cost here and abroad—

- (1) The efficiency and economic operation and location of the domestic industry under consideration;
- (2) The conditions of such domestic industry with respect to profits and losses, the extent to which productive capacity is utilized, and the extent of unemployment—

Very splendid factors to be considered in determining what rate should be imposed upon importations into this country—

- (3) The extent to which adverse conditions of production may be due to foreign competition or to other specified factors;
- (4) The extent to which adverse conditions of production may be remedied by adjustments in the tariff law, taking into consideration the substitution of articles used for the same purposes as the articles under consideration, and taking into consideration any other pertinent competitive factors; and
- (5) The effects of any proposed increase or decrease in rates of duties on other domestic industries and on the export trade of the United States.

Mr. President, a tariff commission as it is to-day by law charged with the duty of ascertaining the difference in cost, with broad discretionary powers given to it as to what factors shall enter into the ascertainment of those cost differences, without the power to consider, as it does not consider, the amount of importations that come into this country or the amount of exportations that we send abroad, without considering the efficiency and the economic operation of the industry, can not ascertain the right rates to put on a commodity. But when an expert commission ascertains for Congress the cost differences and gives us all the facts enumerated in the five provisions I have read, then we can intelligently pass on the question as to whether the particular rate ought to be reduced or increased, or whether the commodity ought to be put on the free list, or whether it ought to be taken from the free list and put on the dutiable list, and so forth.

So it seems to me that if we could have legislation like this passed, if next year we got ready to pass a revision of the tariff rates, we would have the basis upon which to work intelligently in fixing the rates.

I do not go so far as to say that in every case where there is a difference in cost of production in this country and abroad we ought to put a duty of that amount on the article. I think there are other factors to be considered. I see no reason in the world to put a duty on a product of this country when we are supplying the markets of the world with it, and there are no importations or no appreciable importations of that particular product or thing into this country. Neither can I see any reason for imposing a duty at the customhouse on any article or any product that is flowing into this country, which our people need and must have, which we can not produce here economically and in fact do not produce in this country. In my opinion, in the ascertainment of these cost differences, and in fixing our rates, we must take into consideration the amount of importations of an article, the amount of exportations of the article, and all the other factors that enter into the consideration of that particular question.

So much for that, Mr. President.

That, in a nutshell, is what we expect to do.

My distinguished friend the Senator from Indiana [Mr. Watson] spoke over the radio the other night. I see that Mr. Jekyll Jahncke of the firm of Jahncke and Hyde, in speaking somewhere in the North, says that the Democrats have been in control of the House now for several months, and that they have not yet brought out a tariff bill to reduce a rate. My friend from Indiana says that many of these Democrats have talked about the monstrosity of the tariff, but have not tried to reduce rates.

We could not please the Senator from Indiana under any circumstances. When we go along conservatively and try to act wisely and fit up a vehicle to study facts relating to costs of production, and the many prerequisites to proper consideration of the tariff, so that we can intelligently pass tariff legislation, they criticize us, and if we go in and cut rates

and slice rates on this and that article, they say that they are doing it without the facts, and, "just as Democrats always do, they act the fool." That is what would be said. But here we propose wise legislation, which ought to appeal even to the conscience of a hardened Senator like my friend from Indiana. Yet he grabs it as a reason for criticizing. We appreciate the attitude of the President. When he signed the Smoot-Hawley legislation, we knew and the country knew where he stood. It would be, under the circumstances, a waste of time to legislate rates, knowing that the President would veto the legislation. We will wait for a more propitious day, and from all indications it will not be long.

I read the speech delivered by the Senator the other night. I have a copy of it here. It is wonderfully strange what my friends get away with. They have fooled the people so long, and they fool them so often, that they think they can fool them all the time.

Here is the speech my friend delivered during the Lucky Strike hour. I do not know why he picked on the Lucky Strike hour. [Laughter.] It is a long speech, and he delivered it well, as he always delivers a speech. But here is the species of argument employed by my friend on that occasion. The people over the country, unsuspecting as they are, listening in from their humble homes, or in their fine mansions, or in their counting places everywhere, get the words of my friend. He said this:

The first contention of the opposition with reference to this law is that it is not a limited revision as demanded by the President.

He was speaking about the Smoot-Hawley tariff law.

What is the fact? In a report after the law had been in operation a year the Tariff Commission found that of the 3,300 dutiable items mentioned in the Fordney-McCumber Act 890 were altered and 2,170 unchanged.

Does not the Senator think that was going pretty far when 890 items were increased? Is it the conception of the distinguished Senator from Indiana that that was a limited revision of the tariff, with 890 rates raised in that particular law?

He said further:

The second charge is that the duties in the present bill are unreasonably high, having been unduly increased; but the commission found that in the value of total imports the duties were raised upon 23 per cent, while upon 77 per cent they were either unchanged or lowered.

An unsuspecting person, hearing those tremendous figures, hearing the statement that the duties were raised upon only 23 per cent, while on 77 per cent they were either unchanged or lowered, would not get the real picture. I am wondering what part of that 77 per cent he speaks of as unchanged or lowered were lowered in that tariff act.

Mr. WATSON. Mr. President—

The PRESIDING OFFICER (Mr. KEAN in the chair). Does the Senator from Mississippi yield to the Senator from Indiana?

Mr. HARRISON. In one moment, when I finish. Then it will call for an explanation from the Senator.

Mr. WATSON. It calls for an explanation now.

Mr. HARRISON. It will call for an explanation. Let me read it again.

But the commission found that in the value of total imports the duties were raised upon 23 per cent.

Of all the imports into this country, he said, whether they were on the dutiable list, whether they were on the free list, or what not, he says, of all the dutiable imports, the rates were raised upon only 23 per cent.

That means on all the rubber that comes into this country, which in some years amounted to more than \$500,000,000 worth. It means on all the tin that comes into this country, which mounts so high in figures. On all of the coffee that comes in free, as with tea and with silk, in some cases having mounted to \$400,000,000 worth. All those are included in his figures. He says that if we take all those imports, dutiable and undutiable, we find that the rates were raised on only 23 per cent. That is the kind of argument he uses in



trying to fool the people, and it is possible to fool some of them, and my friend is so adroit that he can fool more than anybody else I know of.

Mr. WATSON. I thank the Senator.

Mr. HARRISON. I yield.

Mr. WATSON. The Senator ought to couple with that the other statement in the speech, that of all the imports coming into the United States, 70 per cent come in absolutely free.

Mr. HARRISON. Of course; I do not know the exact amount, but one of the things that has made our people great and this country strong and wonderfully influential is the fact that our manufacturers import so much raw material. They have to do it. We would not have the great automobile industry if we did not import rubber free of duty, because we do not produce it in this country. We have to have raw silk, we have to have tin, we have to have these things which come in free, many of which go into the manufacture of the finished products here which have made great American industries, notably, the automobile industry. Of course, many raw products that formerly came in free are now on the dutiable list, thus adding the cost to the manufacturer and transmitted to the consumer.

Mr. WATSON. Does the Senator know of any Republican who has ever proposed putting a tariff on those things, the like of which we do not produce in the United States?

Mr. HARRISON. Oh, now the Senator is trying to get out of the dilemma. I congratulate the Senator that he never has suggested putting a tariff on rubber.

Mr. WATSON. No; that is right.

Mr. HARRISON. He never has suggested putting a tariff on raw silk.

Mr. WATSON. That is right.

Mr. HARRISON. But when the Senator talked over the radio to give facts to the American people, stating that on only 23 per cent of the total importations were the rates raised, why did he not say what the percentage of increase was on all the dutiable articles coming into this country?

Mr. WATSON. I did in part of the statement.

Mr. HARRISON. Where is it?

Mr. WATSON. I have it in the speech. The Senator knows my speech better than I do.

Mr. HARRISON. Yes; I know it, because the Senator has made it so often. Let me proceed. The Senator said:

The third charge is that, while the President asked in his message that the tariff be revised in the interest of agriculture, yet the manufacturers had fared better than the farmers of the country; but the Tariff Commission reported—

Listen to this—

But the Tariff Commission reported that 93 per cent of the increases are upon products of agricultural origin, while but 7 per cent are upon commodities of nonagricultural origin.

That sounds pretty good until one analyzes it. Sitting and listening in one says, "Is it a fact that 93 per cent of the increases were on agricultural products?" That is what the Senator said. He has clothed it in such fine-spun language that what he says is probably true, but when we analyze it, it will not hold water.

"Ninety-three per cent of the increases are upon products of agricultural origin." That means wool; that means cotton; that means sugar; that means everything that is built up on an agricultural foundation. That applies to all the rates in cotton manufactured articles; all the rates on woolen manufactured goods; all the rates on these other articles which are taken originally from some agricultural origin; and he tries to make the people believe that 93 per cent of these increases were on agriculture.

That is one time when the Senator from Indiana and the President of the United States agreed on a matter, because President Hoover, in a message he delivered to us at one time, said something like that. Oh, if we listen to the weekly song of Julius Klein, we find he talks about that all the time. He is the greatest propagandist the Republican Party ever had. He is the highest priced prima donna, because I doubt not that he gets a fee for this propaganda he shoots weekly over the radio. I saw somewhere that he was on his way out West now to deliver a lecture to somebody

at \$1,000 per lecture. He is doing pretty well! [Laughter.]

So my friend from Indiana agrees with the President of the United States once, and they both agree with Julius Klein; and if the facts were known, the President and the Senator from Indiana both got their inspiration and their juggling of facts from Julius Klein.

That is the kind of speech the Senator made over the radio the other night, and that is the character of speeches he will make in the coming campaign, trying to hoodwink and trying to fool somebody.

The Senator made another speech. It will be recalled, Mr. President, that when the Smoot-Hawley tariff bill was before us, how my friends the Senator from Utah [Mr. Smoot] and the Senator from Indiana [Mr. Watson] and some others on the other side painted the necessity for that tariff. And Grundy was here then; he did not talk much, but he knew how to play the ends against the middle. They told us that the country had to have that law; but that if it passed, we would have prosperity again in the country. When we started the consideration of it, we did have prosperity.

Of course, they disagreed with a thousand economists, but I want to read some of the things those economists prophesied at that time. In a letter to the President of the United States they prophesied economic wreck and ruin to this country if the Republican Party persisted in its work in passing that law. They prophesied the closing of industries in this country, they prophesied the increase of unemployment in this country, they prophesied bitterness in the hearts of foreign people, and retaliatory measures upon the part of foreign governments, if that legislation were enacted.

Day after day we on this side, and some of the progressives on the other side, would cite the facts as to what was going to happen in the event you persisted in the passage of that law. We begged you to take into consideration these prophecies of these great economists who signed that letter, from California to Maine. But you would pay no attention to it. You would go out and increase taxes upon the people. You would increase these duties.

During all that I can hear the sweet, eloquent voice of the Senator from Indiana, with that fine physique of his—and he is a great orator; I sometimes fall under the spell of his benign countenance and the wonderful grip of his imagination. [Laughter.] He made a great speech on June 13, 1930. The prophecy that he made at that time was not like the prophecy made by these men who knew what would happen. His prophecy that day was not made with the same information back of it that was possessed by this group of more than a thousand economists, who had studied the economic conditions of the world and knew the effect of the passage of that measure. My friend said this on that day:

I here and now predict—

He bows his head—

I here and now predict, and I ask my fellow Senators to recall this prediction in the days to come—

[Laughter.]

that if this bill is passed—

The Smoot-Hawley bill—

this Nation will be on the upgrade financially, economically, and commercially within 30 days.

Mr. ROBINSON of Arkansas. What was the date of that?

Mr. HARRISON. That was June 13, 1930.

And that within a year from this time we shall have regained the peak of prosperity and the position we lost last October, and shall again resume our position as the first and foremost of all the peoples of history in all the essential elements of individual and national greatness.

A great speech; a bad prophet. [Laughter.] None of that came true. But he was speaking in support of the measure then pending, as he was the other night speaking over the radio.

Here is what the economists said would happen. Let us put these prophecies side by side.

Mr. WATSON. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.



Mr. WATSON. Was there ever a time since the birth of the Republican Party, when a tariff bill was being considered, when economists did not prophesy that it would destroy our foreign trade and our domestic industry?

Mr. HARRISON. I want to say this in behalf of my friend—

Mr. WATSON. No; answer my question.

Mr. HARRISON. I am not surprised at him making that statement, because he got the inspiration from President Hoover in the campaign three years ago, who spoke along the same line and made the same kind of prophecies. I think he went a little farther than did the Senator, because he was going to put two automobiles in every garage, and he was going to put a chicken in every pot, I believe.

Mr. ROBINSON of Arkansas. Two chickens.

Mr. HARRISON. Two chickens; yes. We found out there were nothing but necks in the pot, however.

Mr. WATSON. Will the Senator answer my question directly? Has there ever been a time when a great majority of economists did not prophesy as I have suggested? When the Dingley bill was under consideration, when the Payne-Aldrich bill was under consideration, when the Fordney-McCumber bill was before us, did not a great majority of the economists predict exactly what the thousand economists predicted when the last tariff bill was under consideration?

Mr. HARRISON. I have not looked back at all that, but I dare say there never was such an avalanche of economists that prophesied in such a singularly correct way as did those 1,009 economists as to the dire effects of the Smoot-Hawley measure. Economists are in a better position to judge than is the Senator from Indiana. Their training qualifies them to analyze and forecast. That is why we have economists. I reckon some economists in the past have prophesied as the Senator suggests, but they certainly never missed the mark as did my friend in his prophecy.

May I ask the Senator from Indiana a question?

Mr. WATSON. Certainly.

Mr. HARRISON. Can the Senator produce a number of economists who prophesied in connection with the passage of the Dingley law, the Payne-Aldrich law, or any other tariff law, such as I am going to read here?

Mr. WATSON. I do not say there were a thousand economists; but I do say that a very great number of economists in each instance predicted precisely what these economists did in this instance.

Mr. HARRISON. Then I will come down to the Senator's size. Can he name one economist who during the consideration and prior to the passage of any tariff bill predicted in the way he has stated?

Mr. WATSON. Yes; and I will give them in a little while. The Senator remembers it because it has been discussed here.

Mr. HARRISON. I want the Senator to name just one.

Mr. WATSON. Of course, I can not do that just offhand.

Mr. HARRISON. But I can name 1,009 who prophesied respecting the effects of the passage of the Smoot-Hawley tariff law.

Mr. WATSON. Certainly; because the Senator has the list before him. I can not remember who prophesied 10 or 15 years ago.

Mr. HARRISON. Let me ask the Senator another question. I am sure he wants to be candid, even if he is going to come up for reelection this year.

Mr. WATSON. That does not bother me any.

Mr. HARRISON. Oh, no; I presume not. Is it the Senator's opinion that the thousand economists who prophesied in this morbid and foreboding way were more correct in their prophecy than the Senator was?

Mr. WATSON. They were more correct than I was, but here is the difference between us. In the first place, I prophesied at the tail end of an oration. [Laughter.]

Mr. HARRISON. Is the Senator always wrong when he comes to the tail end of an oration? [Laughter.]

Mr. WATSON. Not always. The point about it is that at the time I uttered that prophecy I did not know the depth

and the intensity of the industrial depression all over the world. I had no conception of it at that time. I could not foresee the depths to which we would fall industrially, commercially, and financially in the United States.

Of course, at that time it was an idle prophecy to make. I understand that. But these economists year after year are studying this question from the financial, industrial, and commercial standpoint, and they make their prophecies based on what they suppose are settled data and fixed principles. In no instance have they been right except that they happened to be right in this particular instance.

Mr. HARRISON. On what did the Senator base his prophecy?

Mr. WATSON. On the fact that after the passage of the Dingley law, after the passage of the Payne-Aldrich tariff act in 1909, and after the passage of the Fordney-McCumber tariff act, the country did move forward in an era of great prosperity. Our labor was employed better than ever before.

Mr. TYDINGS. Mr. President, will the Senator from Mississippi yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Maryland?

Mr. HARRISON. I yield.

Mr. TYDINGS. I do not think our good friend from Indiana ought to be attacked on the ground of being a bad prophet. He may have been in this one instance, but I remember prior to the last Republican National Convention, when he was prophesying what would happen if a certain man was nominated for the Republican presidential candidacy, his prophecy was very, very accurate. [Laughter.]

Mr. HARRISON. The Senator from Indiana talks about how prosperity came after the enactment of the Payne-Aldrich law. The Senator knows full well what happened following that event because I think he went down in that avalanche himself.

Mr. WATSON. Oh, no; I did not.

Mr. HARRISON. Then he escaped that time, but they got him two years later, I believe. Anyway, when Mr. Taft signed the Payne-Aldrich tariff law, after he had spoken as a candidate in favor of that tariff bill, and then when that was enacted into law and raised the rates too high, the Senator knows what happened to him. I think Mr. Taft carried Utah and Vermont, did he not? Were they not the only two States he carried?

Mr. WATSON. The Senator has that all wrong.

Mr. SMOOT. The Senator has his dates mixed.

Mr. WATSON. The Senator is mixed on his dates, like he is on his figures.

Mr. HARRISON. I am not mixed on my figures at all. I came to the Sixty-second Congress in 1911. The Payne-Aldrich Tariff Act was passed in 1909. At the following election the Democrats came into control; we had a majority in the House; and the very next time the American people came to elect a President, Mr. Taft appeared again as a candidate, and he was snowed under an avalanche of votes. Are not those the facts?

Mr. WATSON. No.

Mr. HARRISON. Then, what are the facts?

Mr. WATSON. I am going to give them to the Senator if he will listen and can comprehend and appreciate them. Does the Senator pretend to say that the defeat of the Republican Party in 1912 was due to the Payne-Aldrich Tariff Act?

Mr. HARRISON. I think it had as much to do with it as any other one factor, or probably more.

Mr. WATSON. Does not the Senator know the candidacy of Theodore Roosevelt brought about that result?

Mr. HARRISON. Now the Senator is hunting for another alibi.

Mr. WATSON. Does not the Senator from Mississippi know that to be the fact?

Mr. HARRISON. I know that contributed somewhat; but Mr. Roosevelt never would have run for the Presidency had it not been for Mr. Taft's reactionary policies, followed and indorsed by the Senator from Indiana.



Mr. WATSON. The Senator is entirely mistaken in that conclusion, because Roosevelt himself was a protectionist. There was no quarrel between Taft and Roosevelt over the Payne-Aldrich law, never at any time.

Mr. HARRISON. There was and there are different kinds of protectionists.

Mr. WATSON. The Senator knows that the one great hope the Democratic Party had in 1912 was the split caused by the candidacy of Theodore Roosevelt.

Mr. HARRISON. Yes; outside of the present split in the Republican Party that was the worst split the party has ever had.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. I yield.

Mr. KING. I think my friend from Indiana, whose knowledge of political matters is perhaps not surpassed by that of any Member of the Senate, has forgotten the fact that Mr. Roosevelt's candidacy was in part due to what he believed to be the reactionary policies pursued by Mr. Taft and the Republican Party, including the enactment of high tariff laws. It is true, as the Senator said, Mr. Roosevelt was a protectionist, but he was not an extreme protectionist, as were Mr. Aldrich and Mr. Payne. He did not support that brand of protection which found expression in the Payne-Aldrich law. The support by Mr. Taft of the high protectionists contributed very much to inducing Mr. Roosevelt and the progressives in the Republican Party to organize the Progressive Party and nominate Mr. Roosevelt as a candidate for President.

Mr. WATSON. I disagree entirely with my distinguished friend, who is generally accurate and always fair.

Mr. HARRISON. I would like to get the facts, so far as I am concerned.

Mr. WATSON. Then let me tell the Senator something. The truth about it is that the thing that did Mr. Taft more harm than anything else was his attempt to establish reciprocity with Canada. His endeavors to bring about Canadian reciprocity drove from him the whole farm vote in the West. I know that to be the fact.

Mr. HARRISON. The Senator knows that after President Taft signed the Payne-Aldrich bill he was voted down at the next election, and a great army of those who voted for it in the House were defeated in the congressional elections following.

Mr. WATSON. That is true; but that particular feature of it had no more relation to the tariff than it had to the tide.

Mr. HARRISON. It was almost as great a catastrophe as that in the last election which fell upon those Senators who voted for the Smoot-Hawley monstrosity. They are here no more. The people will not stand for that kind of thing. They rise up every time the Republicans try to put on these excessive duties. The Senator has gotten away from his own adage of protection. The Senator said something about the Payne-Aldrich bill saving the situation when it was passed.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. Certainly.

Mr. SMOOT. The Senator must know that if the rates in the Hawley-Smoot Tariff Act were so outrageously high as he undertakes to make the country believe, it would have affected the importations, particularly under conditions existing in the world and in our own country to-day. The people have not the purchasing power here that they had when the bill passed, and yet I call attention to the fact that there are more goods coming into the United States now under existing conditions, difficult as they are economically, than was the case under the former act.

Mr. HARRISON. That is the Senator's statement.

Mr. SMOOT. Is not that so?

Mr. HARRISON. I am going to discuss that one phase. I thought that the Senator was going to say what he

said over the radio, that the falling off of our trade is due to the falling off of importations in other countries, but I now find that what he said is that the importations are not falling off.

Mr. SMOOT. Oh, no. I have not talked over the radio. Mr. HARRISON. Let me give some figures.

Mr. SMOOT. I took the figures from the statement of the Treasury Department issued yesterday.

Mr. HARRISON. I have those figures, too. I do not suppose they give us two different sets of figures. They have not become as bad as that. If the Senator from Utah will sit down and let me give him some figures, I believe I can enlighten him.

The Senator said that when the Payne-Aldrich bill passed things got better. The facts are that in 1910, when there was a Republican administration, when the Republicans had control of the House and Senate, immediately following the passage of the Payne-Aldrich bill our exports were \$1,744,000,000. In 1911, when the Democrats got control of the House, they were \$2,049,000,000. In 1912 they were \$2,204,000,000. In 1913, when the Democrats came into power, got control of the Government and passed the Underwood law, they were \$2,465,000,000. Those were the exportations at that time. They continued to rise until some time during the war, which I would not take as a fair proposition because naturally they would rise when we got into the war. They rose then to over \$8,000,000,000. That was under a Democratic tariff act.

Let us see what happened under the Smoot-Hawley Act. In 1929, when we were considering the tariff bill, when all the countries of the world were protesting against the rates the Senator from Utah wanted to put into it, citing to him that they would be forced to retaliate, our exports from this country were \$5,128,000,000. In 1930 they had gone from that figure down to \$3,842,000,000. That was the first year under the operation of the Smoot-Hawley Tariff Act. That was \$3,842,000,000 or nearly \$1,500,000,000 of a falling off in our exports after the Senator from Utah passed his wonderful tariff act about which he has been talking, the one that was going to bring prosperity to the country, the one that was going to revive industry in the country and restore confidence.

Last year, 1931—oh, I dislike even to quote it because it portrays the pitiful situation that has been brought about in our export trade. Here we were with an export trade of more than \$5,000,000,000 before we enacted the Smoot-Hawley tariff law, and after that was done we decreased until last year our exports had dropped to \$2,424,000,000.

That is the way the Republican Party has done things, and yet my friend from Indiana says that the passage of every Republican tariff measure has helped business. Importations, of course, are falling off considerably; they are diminishing to such an extent that we had last year a balance of trade in our favor of only \$325,000,000, whereas in times past the balance of trade in our favor had risen until it was more than \$2,000,000,000. Talk about this law bringing prosperity! It has done what these distinguished economists said it would do. They foretold what was going to happen. Their statement was:

We are convinced that increased protective duties would be a mistake.

My friends the Senator from Indiana and the Senator from Utah say it was not a mistake. These economists further said:

Few people could hope to gain from such a change. Miners, construction, transportation and public-utility workers, professional people and those employed in banks, hotels, newspaper offices, in the wholesale and retail trades, and scores of other occupations would clearly lose, since they produce no products which could be protected by tariff barriers.

The vast majority of farmers, also, would lose. Their cotton, corn, lard, and wheat are export crops and are sold in the world market. They have no important competition in the home market. They can not benefit, therefore, from any tariff which is imposed upon the basic commodities which they produce. They would lose through the increased duties on manufactured goods, however, and in a double fashion. First, as consumers they would have to pay still higher prices for the products, made of textiles, chemicals, iron, and steel, which they buy. Second, as producers



their ability to sell their products would be further restricted by the barriers placed in the way of foreigners who wished to sell manufactured goods to us.

Our export trade in general would suffer.

And it has suffered to the extent of nearly \$3,000,000,000.

There are few more ironical spectacles than that of the American Government as it seeks on the one hand to promote exports through the activity of the Bureau of Foreign and Domestic Commerce while on the other hand by increasing tariffs it makes exportation ever more difficult.

In my opinion the Republican Party has practiced the worst kind of political hypocrisy upon the American people. We have recently considered a bill here that carried—I have forgotten the exact amount—but somewhere around eight or nine million dollars to be expended in an effort to increase our foreign trade and commerce. We appropriate money to be spent abroad in the hope of increasing our foreign trade, and yet we pass a law that builds a tariff wall so high that nobody can trade with us. That is why our foreign trade is disappearing.

These economists further stated:

We do not believe that American manufacturers in general need higher tariffs.

I will again insert in the RECORD this statement, Mr. President, so that those who chance to read this debate may see what the greatest political economists in the country in 1930 thought of the imposition of these excessive duties.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

The undersigned American economists and teachers of economics strongly urge that any measure which provides for a general upward revision of tariff rates be denied passage by Congress or, if passed, be vetoed by the President.

We are convinced that increased protective duties would be a mistake. They would operate in general to increase the prices which domestic consumers would have to pay. By raising prices they would encourage concerns with higher costs to undertake production, thus compelling the consumer to subsidize waste and inefficiency in industry. At the same time they would force him to pay higher rates of profit to established firms which enjoyed lower production costs. A higher level of protection, such as is contemplated by both the House and Senate bills, would, therefore, raise the cost of living and injure the great majority of our citizens.

Few people could hope to gain from such a change. Miners, construction, transportation and public-utility workers, professional people and those employed in banks, hotels, newspaper offices, in the wholesale and retail trades, and scores of other occupations would clearly lose, since they produce no products which could be protected by tariff barriers.

The vast majority of farmers, also, would lose. Their cotton, corn, lard, and wheat are export crops and are sold in the world market. They have no important competition in the home market. They can not benefit, therefore, from any tariff which is imposed upon the basic commodities which they produce. They would lose through the increased duties on manufactured goods, however, and in a double fashion. First, as consumers they would have to pay still higher prices for the products made of textiles, chemicals, iron, and steel which they buy. Second, as producers their ability to sell their products would be further restricted by the barriers placed in the way of foreigners who wished to sell manufactured goods to us.

Our export trade in general would suffer. Countries can not permanently buy from us unless they are permitted to sell to us, and the more we restrict the importation of goods from them by means of ever higher tariffs the more we reduce the possibility of our exporting to them. This applies to such exporting industries as copper, automobiles, agricultural machinery, typewriters, and the like fully as much as it does to farming. The difficulties of these industries are likely to be increased still further if we pass a higher tariff. There are already many evidences that such action would inevitably provoke other countries to pay us back in kind by levying retaliatory duties against our goods. There are few more ironical spectacles than that of the American Government as it seeks, on the one hand, to promote exports through the activity of the Bureau of Foreign and Domestic Commerce, while, on the other hand, by increasing tariffs it makes exportation ever more difficult. President Hoover has well said, in his message to Congress on April 16, 1929, "It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a less amount of employment from imports."

We do not believe that American manufacturers in general need higher tariffs. This report of the President's committee on recent economic changes has shown that industrial efficiency has increased, that costs have fallen, that profits have grown with amazing rapidity since the end of the war. Already our factories supply our people with over 96 per cent of the manufactured goods which they consume, and our producers look to foreign markets to

absorb the increasing output of their machines. Further barriers to trade will serve them not well but ill.

Many of our citizens have invested their money in foreign enterprises. The Department of Commerce has estimated that such investments, entirely aside from the war debts, amounted to between \$12,555,000,000 and \$14,555,000,000 on January 1, 1929. These investors, too, would suffer if protective duties were to be increased, since such action would make it still more difficult for their foreign creditors to pay them the interest due them.

America is now facing the problem of unemployment. Her labor can find work only if her factories can sell their products. Higher tariffs would not promote such sales. We can not increase employment by restricting trade. American industry, in the present crisis, might well be spared the burden of adjusting itself to new schedules of protective duties.

Finally, we would urge our Government to consider the bitterness which a policy of higher tariffs would inevitably inject into our international relations. The United States was ably represented at the World Economic Conference which was held under the auspices of the League of Nations in 1927. This conference adopted a resolution announcing that "the time has come to put an end to the increase in tariffs and to move in the opposite direction." The higher duties proposed in our pending legislation violate the spirit of this agreement and plainly invite other nations to compete with us in raising further barriers to trade. A tariff war does not furnish good soil for the growth of world peace.

Mr. HARRISON. Mr. President, no one can possibly deny that what those economists said has come true. We have seen industries transferred from this country to Canada and other foreign countries; the figures have been cited. A newspaper in Canada the other day stated that there were now invested in Canada more than a billion dollars of American capital in manufacturing industries. We know that our manufacturers have established plants in Germany; that they have established them in France, and in many other countries. When the American people realize that the Smoot-Hawley law by placing excessive duties upon importations drove factories out of America into Canada and prevented American manufacturers from carrying on their foreign export trade, which they worked for years and years to build up, thus causing tremendous unemployment in Detroit and in the other great industrial centers of the land they will see in that one thing the injurious effect of the passage of the Smoot-Hawley tariff law.

I do not know whether or not anything can be done by this Government to keep American capital from going abroad and erecting factories, giving employment to foreign peoples, causing unemployment in this country, and creating a problem that is grave indeed, but if there is anything from a governmental standpoint that can be done, it ought to be done. I must say that I have some degree of sympathy with the automobile manufacturers, for instance, as an illustration, who had built up a great American industry, which was selling abroad \$520,000,000 worth of automobiles in 1928 and until Congress passed the Smoot-Hawley law. Of course, we are not selling that amount of automobiles now, for when we passed that law France retaliated, as England retaliated, and the other day both France and England again retaliated and raised higher and broader their rates. Canada and practically all the other countries have retaliated against us. What can those manufacturers do? They have either got to supply merely the American trade, operate only a sufficient time to supply the American trade, or they must go to those foreign countries in which they have built up a trade if they want to supply it, or else must close their plants. So I have some sympathy for the American manufacturer who, by the narrow policy of the Republican Party, has been driven out of this country and forced to go abroad in order to manufacture goods for the foreign market.

For the first time, Mr. President, I think the business men of America are waking up; I think the American laboring man is beginning to realize that the narrow, selfish policy of exorbitant and excessive protection, destroying our trade, has driven American capital and American factories abroad, to the detriment of this country. So they are changing their views, and they are coming around to believe in the sound, economic policy of having sane tariff rates such as will permit international trade and commerce to flow in the regular channels, which will protect the American consumer and at the same time preserve American industries which are properly located and efficiently



managed. That sentiment is one of the signs of the times, in my opinion, and it will be manifest in the approaching election, which will afford the first chance the American voters have had to express themselves in regard to the man who signed the Smoot-Hawley tariff law, the man who sat in the White House while the Republican majority, with its groups and schemes working, were bringing in Members to vote for what they proposed by offering them this or offering them that. I believe the American people are going to condemn him by the biggest vote that has ever been cast against a candidate.

I am not going to ask my friend from Indiana whether he agrees with me in that statement, because I do not want to pry into his conscience that far, but nearly everybody believes that to be so. No party can adopt such unwise policies as those embodied in the last tariff act without creating an abnormal condition and without being repudiated at the hands of the American people.

Mr. President, I think that is all I want to say for the time being. As the bill proceeds we shall explain any amendments that may be suggested. I hope that the bill will pass.

Mr. KING. Mr. President, a few moments ago the distinguished Senator from Indiana [Mr. Watson] stated that I was usually accurate and always fair, but in the statement that I made concerning the Payne-Aldrich law, Mr. Roosevelt, and the Progressive Party I was inaccurate. The statement I made that the Senator thought was inaccurate was that one of the contributing causes to the formation of the Progressive Party was the Payne-Aldrich high tariff bill, which was opposed by Mr. Roosevelt. I respectfully assert that I was accurate; and in support of my position I shall read from the national platform of the Progressive Party, adopted at Chicago, Ill., August 7, 1912. It was understood at the time that Mr. Roosevelt wrote the platform; it was his political creed; he not only organized the Bull Moose or Progressive Party but was its leader and articulate voice.

Here is what he wrote into the platform:

We condemn the Payne-Aldrich bill as unjust to the people.

That is the position that I took, namely, that Mr. Roosevelt condemned the Payne-Aldrich tariff bill, the enactment of which, with the support given it by Mr. Taft, was one of the causes of the breach between the two distinguished Republicans.

The Republican organization is in the hands of those who have broken faith and can not again be trusted to keep the promise of necessary downward revision—

Before the discussion concerning the pending measure is concluded, if opportunity is afforded, I shall put into the RECORD statements made by Mr. Roosevelt during the campaign when he was bitterly opposing the Republican Party and Mr. Taft, its candidate for the Presidency, in which he condemned both Mr. Taft and the Republican Party and charged that pledges for revision of the tariff had been broken and that the Republican Party was no longer worthy of the confidence and support of the people. Mr. Roosevelt, because of his dynamic force and his attacks upon predatory interests and the privileged classes, as well as because of his support of a number of progressive policies, won a high place in the esteem of the American people. Though he believed in a protective tariff he was not a high protectionist; and when his successor, Mr. Taft, was elected upon what Mr. Roosevelt believed to be a platform calling for a revision of the tariff and a reduction downward and a readjustment of tariff rates in the interests of the masses of the people, he was not only dissatisfied but thoroughly aroused against what he believed to be a surrender by his party to selfish interests and to what he regarded as predatory interests. Mr. Roosevelt and his followers made no secret of their opposition to Mr. Taft and to the Republican Party, and one of their indictments against the latter was its enactment of the Payne-Aldrich tariff law. In the Progressive platform there was, however, a criticism of the Democratic Party. While Mr. Roosevelt struck the Republican Party with one

hand he was not sparing of the party of which I am a humble member.

The Progressive platform also contains the following language:

It is imperative to the welfare of our people that we enlarge and extend our foreign commerce. We are preeminently fitted, because as a people we have developed high skill in the art of manufacturing, our business men are strong executives and strong organizers, and in every way possible our Federal Government should cooperate in this important matter.

Mr. Roosevelt did not believe in national isolation; he favored foreign trade in commerce and sought foreign markets for American products. Our Republican friends by their high-tariff measures are interrupting the stream of trade and commerce which should flow around the world for the benefit of the United States and the advantage of all peoples. They are committed to policies that will close the ports of the world to our products and drive our flag from the seas. In erecting tariff barriers they are closing American mills and factories and forcing millions of American workmen from profitable employment. A self-contained and isolated country in this enlightened age would be an anachronism; it would be a stagnant and unprogressive country. Unfortunately, under the policies of the party in power our foreign and domestic trade is languishing and our country is plunged into the valley of profound depression.

Returning to the platform written by Mr. Roosevelt, it appealed to millions of our citizens, and he won an overwhelming victory over Mr. Taft and the Republican Party. Mr. Taft carried, as my colleague said, but two States—Utah and Vermont.

We demand tariff revision.

That was one of the demands of the Progressive Party, and they made it an important issue in the campaign. Mr. Roosevelt and his party were not upholding the Payne-Aldrich tariff bill; they denounced it and demanded a revision downward, declaring that it was an unjust measure and injurious to the people of the United States. Another platform declaration was:

We pledge ourselves to the establishment of a nonpartisan, scientific tariff commission, reporting both to the President and to either branch of Congress, which shall report, first, as to the costs of production, efficiency of labor and capitalization, industrial organization and efficiency, and the general competitive position in this country and abroad of industries seeking protection from Congress.

There is no demand here, Mr. President, that the Tariff Commission should have authority to fix tariff rates or that neither the President of the United States nor a tariff commission law should have the power to fix rates and usurp functions which belong exclusively to the legislative department of our Government.

There are some further general statements, Mr. President, in this platform bearing upon the question of tariff revision, but I shall not take the time of the Senate now to read them. It is obvious, however—

Mr. GORE. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oklahoma?

Mr. KING. I will yield when I complete the sentence. It is obvious, however, that Mr. Roosevelt condemned the Payne-Aldrich tariff bill and regarded its enactment as a breach of faith and a betrayal by his party of the American people. I now yield to the Senator from Oklahoma.

Mr. GORE. I think the Senator from Utah overlooks the fact that Theodore Roosevelt had to avail himself of the means at hand. He could not avail himself of the irresistible charm and enchantment of Rudy Vallee's crooning. [Laughter.]

Mr. KING. I understand that Mr. Vallee has been promised a medal if he will write and croon a song that will cause the people to forget the darkness and depression.

Mr. President, I rose merely to make a brief reference to the statement made by my distinguished friend from Indiana [Mr. Watson]. I shall put into the RECORD later some



statements made by Mr. Roosevelt in which he condemned the Payne-Aldrich tariff law and the Republican Party for enacting it.

Mr. WATSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Robinson, Ind.
Austin	Couzens	Kean	Schall
Bailey	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Smith
Barkley	Dill	Logan	Smoot
Bingham	Fess	McGill	Stelwer
Black	Fletcher	McKellar	Thomas, Idaho
Blaine	Frazier	McNary	Thomas, Okla.
Borah	George	Metcalf	Townsend
Bratton	Glass	Morrison	Trammell
Brookhart	Glenn	Moses	Tydings
Broussard	Goldsborough	Neely	Vandenberg
Bulkley	Gore	Norbeck	Wagner
Bulow	Harrison	Norris	Walcott
Byrnes	Hatfield	Nye	Walsh, Mass.
Capper	Hayden	Oddie	Walsh, Mont.
Caraway	Hebert	Patterson	Waterman
Carey	Howell	Pittman	Watson
Coolidge	Hull	Reed	White
Copeland	Johnson	Robinson, Ark.	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

Mr. KING. Mr. President, a moment ago I read from the Progressive platform which was prepared by Theodore Roosevelt when he was a candidate for the Presidency, in which he specifically condemned the Payne-Aldrich law and charged his own party with having broken faith with the people, and that that tariff was unjust to the American people.

I have before me a speech made by Mr. Roosevelt, copy of which will be found in Senate Documents, volume 40, and I read just a few lines from that speech:

I believe in a protective tariff, but I believe in it as a principle, approached from the standpoint of the interests of the whole people and not as a bundle of preferences to be given to favored individuals. In my opinion, the American people favor the principle of a protective tariff, but they desire such a tariff to be established primarily in the interests of the wageworker and the consumer. The chief opposition to our tariff at the present moment—

That was at a time when the Payne-Aldrich law was upon the statute books—

comes from the general conviction that certain interests have been improperly favored by overprotection. I agree with this view.

The commercial and industrial experience of this country has demonstrated the wisdom of the protective policy, but it has also demonstrated that in the application of that policy certain clearly recognized abuses have developed.

The Progressive platform from which I read a few moments ago and this address conclusively prove that Mr. Roosevelt was dissatisfied with the Payne-Aldrich tariff law and that he believed it had resulted in abuses injurious to the American people.

I have called attention to Mr. Roosevelt's platform and statement only because of the statement made by the Senator from Indiana.

Mr. SMOOT. Mr. President, I was a little surprised at many of the statements made by the senior Senator from Mississippi [Mr. HARRISON]. I have never seen any real good come from a discussion when only part of the truth is told. Therefore, I shall at this time undertake to present to the Senate at least the objections I plainly see to the bill which is under consideration.

A great deal of the time of the Senator from Mississippi was taken up in talking about the decline in exportations. Anyone who has an ounce of sense knows the reason for that decline. The purchasing power of the world has been decreased until it is absolutely impossible for people in foreign markets to buy American goods or any other goods to speak of, outside of the absolute necessities of life.

If one will take into consideration the volume of business of every country in the world and compare it with the business of the world for 4 years, or 3 years, or even 2 years, he will find the whole question of our exportations answered.

During the war and immediately following the war and the years after, there was only one place capable of furnishing the world with the goods necessary; there was only one place where money could be borrowed for the purchase of those goods, and that was the United States.

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. BROOKHART. I have an article by the Senator from Utah on the question of American capital leaving the United States and going into other countries and forming an oligarchy to break down the tariff system, labor, wages, and everything else. Is the Senator still of the opinion he expressed in that article?

Mr. SMOOT. I am of the same opinion I expressed relative to the tariff question at anytime.

Take the question of importations into the country, referred to by the Senator from Mississippi. He intimated that our tariff was the reason why we did not trade with foreign countries. I want to say now that foreign countries never purchased any goods from the United States at any time, under any tariff, unless they could purchase them in America cheaper than in any other part of the world.

Under the present tariff law, which the Senator has so condemned, what do we find? Even under conditions existing in the world to-day, with every nation in the world in such a frightful financial condition, not only the peoples, but the countries themselves, when they can not buy as they have in the past, we purchased in those countries more pounds, more yards, even under the conditions existing in the world to-day, under the present tariff law, which was supposed at least to protect the workingmen and the manufacturers of this country, than the year preceding.

Up to yesterday there had been collected for goods coming into this country—and I am not referring to the free list, either, which has increased in quantity, but to goods which fall within the present tariff law, the rates of which have been so condemned—during the fiscal year 1932, up to March 21, 1932, we collected \$263,564,969.57. During the same period of last year we collected \$280,016,625.34, the latter amount based upon goods at a much higher unit.

Mr. HARRISON. Mr. President, will the Senator give us the figures for 1928 and 1929?

Mr. SMOOT. As to the importations?

Mr. HARRISON. The collections at our customhouses.

Mr. SMOOT. I have not the figures here, but I want to say, without a moment's hesitation—

Mr. HARRISON. It was four or five hundred million dollars, was it not?

Mr. SMOOT. I want to say to the Senator that it is marvelous, it seems to me, that under the conditions existing to-day we could bring in, with our mills closed and our factories closed, more in volume than was imported into the United States a year ago. If there ever was a time in all the history of the world when a protective tariff was needed, America to-day needs a protective tariff more than she ever needed it before.

The bill under consideration (H. R. 6662) is designed to amend the flexible provision of the tariff act of 1930, to create a consumers' counsel attached to the United States Tariff Commission, and to instruct the President to call an international economic conference. This measure comes to the Senate with an adverse report from the Committee on Finance.

Before analyzing this bill I want to say, Mr. President, that there has never been a time in the history of the United States when tariff protection was more essential to the welfare of the American people than at present. Prices have declined throughout the world, but to a far greater extent in other countries than in the United States. Nearly a score of commercial nations, including Great Britain and Japan, have suspended the gold standard. Manufacturers in these countries are producing goods and paying for them with depreciated currency. At the same time they are shipping as much as possible of their produce abroad to the United States and other countries that remain on the gold standard, thus reaping extra profits because of the



difference in the value of the money they pay and the money they receive. In this crisis it is imperative that the American protective policy be maintained, and, if necessary, fortified.

For two years we have been in the grip of a world-wide depression that has curtailed the markets for our factories and farms, and left us with the responsibility for caring for several millions of unemployed. In spite of this fact, the volume of our imports from foreign countries continues to be large. Last year, according to the Federal Reserve Board's index of industrial production, the output of industry within the United States declined 16 per cent. But what of our import trade? Our purchases from other countries fell off only 10 per cent. These figures are not based upon the foundation of value but upon the actual quantity of foreign goods that were shipped into our ports to displace our home-made and home-grown commodities.

Only to-day, Mr. President, there appeared before the Committee on Finance Mr. Flynn, representing the labor organizations of this country, and Mr. Gray, representing the farmers and agriculturists of the country, asking that something be done over and above the rates in the present law in order to give employment to the laboring man, and in order to protect agriculture from foreign products which come in direct competition with the farmers of the United States.

In this time of distress and unemployment, why should we give importers a 6 per cent margin over our domestic producers? I repeat, Mr. President, there has never been a time in the history of the United States when tariff protection was so vital to our farmers, our workingmen, and our manufacturers as it is to-day. The world is still suffering from its orgy of overproduction and its panic of underconsumption.

We are all guilty of it. I am just as guilty as any man in the United States. I have not purchased what in ordinary times I would purchase; and, as I come in contact with men all over the United States, I find the same as to them.

To weaken our tariff structure at this time would be to invite all nations to use America as a dumping ground for their surplus products. Yet the chief purpose of the bill which the Senate must consider is to destroy the flexible provision of the existing act under which tariff rates may be adjusted to current conditions.

The bill which comes to us from the House of Representatives contains a very novel arrangement which would virtually transfer the rate-making power of Congress to the Tariff Commission. It provides that the commission shall investigate the difference in the cost of production of any domestic article and of any similar foreign article on request of the President or any interested party. On completing the investigation the commission would report to Congress its findings and its order with respect to such increases or decreases in the duty upon the foreign articles as the commission finds to be necessary in order to equalize such differences in the cost of production.

Under the present law the Tariff Commission is authorized to order higher or lower duties, with the approval of the President, only upon those commodities on the dutiable list, and the change may not exceed 50 per cent in either direction. These restrictions would be removed by the Collier bill. It provides that—

Any such increased or decreased duty may include the transfer of the article from the dutiable list to the free list or from the free list to the dutiable list.

And there is no restriction as to how great the change might be.

Furthermore, the Collier bill provides that—

Sixty days after the date of the report to Congress of such order by said commission, such changes in classification shall take effect, and such increased or decreased duties shall be levied, collected, and paid on such articles when imported from any foreign country into the United States or into any of its possessions.

This order by the commission would be final unless Congress, within the 60-day period, should reverse it. The commission would have authority to order new tariffs, even on products that have never been dutiable, and those imposts

could become law without either the Senate or the House of Representatives having an opportunity to pass upon them. Even if this bill were so construed that reports could be made and new rates ordered only while Congress should be in session, the commission might submit its orders so near to the end of a session that it would be impossible for Congress to act upon them.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER (Mr. DALE in the chair) Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. I yield.

Mr. HARRISON. Of course, the Senate substitute has eliminated the 60-day provision.

Mr. SMOOT. I understand that; but the bill will go to conference if it ever passes, and I am calling attention first to what the House bill provides, and then I shall later call attention to what the amendments provide. But the bill will be in conference, if it passes the Senate, as I have no idea that it will.

I submit, Mr. President, that this provision is obviously unconstitutional. The Supreme Court has held time and time again that Congress may not delegate its legislative powers. The fundamental law is made clear in *Hampton v. the United States* (276 U. S. Repts. 394), the case in which the court held the flexible arrangement of the 1922 tariff act to be constitutional. The court says:

The Congress may not delegate its purely legislative power to a commission, but having laid down the general rules of action under which a commission shall proceed, it may require of that commission the application of such rules to particular situations and the investigation of facts, with a view to making orders in a particular matter within the rules laid down by Congress.

Under this interpretation of the fundamental law Congress could not authorize the Tariff Commission to levy imposts on commodities that are not now dutiable without laying down a tariff formula broad enough to cover every item that is ever imported into the United States. There is nothing in the tariff law and nothing in this bill which establishes the policy of putting a duty on every single commodity that costs more to produce in the United States than in foreign competing countries. I think that I am safe in concluding, Mr. President, that no such drastic measure will be sponsored by the Democratic Members of this body to give the bill we have before us a semblance of constitutionality. I do not intend, therefore, to take the time of the Senate in further discussing this measure, which is repugnant to the fundamental law of the United States and contrary to any sound or reasonable principle for administrative adjustment of tariff rates.

The Senator from Mississippi has proposed a substitute bill, and it is this measure which I especially wish to call to the attention of the Senate. Instead of allowing the Tariff Commission to wield the taxing power the Senator from Mississippi would destroy the flexible provision so that no tariff changes might be made without running the gamut of political debate, amendment, and obstruction in Congress. Instead of allowing the President to carry out the purely administrative function of proclaiming the rates found necessary to equalize productive costs, the Harrison substitute bill would require him to transmit the Tariff Commission's reports to Congress, together with his recommendations.

This provision would destroy the usefulness of the Tariff Commission and leave the consuming public without any means of emergency relief from possibly excessive duties, on one hand, and the producing public without any remedy against ruinous foreign competition, on the other.

Mr. HARRISON. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. I yield.

Mr. HARRISON. For 140 years, up to 1922, what other resource did the American people have so far as tariff revision was concerned?

Mr. SMOOT. None whatever.



Mr. HARRISON. It is the same as we would have if my substitute should be adopted?

Mr. SMOOT. With the single exception of the amendment offered in the substitute which the Senator has presented, which I do not think limits them at all but perhaps extends them.

Mr. HARRISON. Prior to 1922, before the flexible provision was written into the law, did the Senator ever suggest or have any idea that the Congress ought to be divorced of such power as they had exercised throughout the history of the country, and that it be given over to a tariff commission?

Mr. SMOOT. I think the Senator was a member of the Finance Committee at the time the bill was considered and no doubt the Senator remembers my position in relation to it.

Mr. HARRISON. I know; but before 1922 did the Senator ever suggest or did anybody else ever suggest that we ought to take away from the Congress the power to levy duties and vest it in some commission?

Mr. SMOOT. No. The Senator is correct in that statement. I agree with that absolutely. But conditions arose and it was thought the commission ought to have some such power granted, because Congress is not in session for months at a time. These questions arise particularly after the passage of a tariff bill, and I think perhaps a majority of the people of the United States became convinced that there ought to be some provision to take care of conditions that might arise at such times.

During short-session years Congress is in adjournment for 9 months out of the 12. Even in long-term years Congress is in session only about six or seven months. In other words, the so-called flexible provision, which the Senator from Mississippi has devised, would be wholly inoperative about 60 per cent of the time.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield further to the Senator from Mississippi?

Mr. SMOOT. Certainly.

Mr. HARRISON. The Senator makes that statement in a very broad way. Is it not a fact that it expressly states that when a measure based on the report of the commission comes before the Senate amendments shall not be permitted except they are germane to the particular subject matter upon which the Tariff Commission reports?

Mr. SMOOT. It may be; but there may be 20 cases arise during the recess of the Congress, and they would all be held up.

Mr. HARRISON. But it would not cause a general revision of the tariff act when the Tariff Commission reported upon a particular product. Whatever amendments are offered must be germane to that particular subject matter.

Mr. SMOOT. For instance, if we had before us at this moment a proposition to place a tariff of 4 cents a pound on copper, there is no chance of granting that without giving a compensatory duty upon the articles into the manufacture of which copper enters.

Mr. HARRISON. I agree with the Senator. Where it is a constituent part of the finished product it would be necessary to consider the other elements; but when the question of a tariff on copper came before the Senate, we could not consider silver and we could not consider a lot of other items that I might enumerate.

Mr. SMOOT. I am aware of that, but everything we consider would involve a rate of duty. I do not think there will be anything upon the free list in that event. Everything on the free list would be brought into discussion, and if the articles on the free list enter into a manufactured product, then perhaps hundreds of articles that are covered in the tariff bill would have to be considered.

Mr. FESS. Mr. President—

The PRESIDING OFFICER (Mr. AUSTIN in the chair). Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. I yield.

Mr. FESS. I can see additional confusion in the question of germaneness, because that is always to be determined by the Senate under the rule of the Senate. If we were inter-

ested in several items, Senators might put their heads together and include all those items, and we would have a regular tariff revision before us.

Mr. SMOOT. Yes; we would have the tariff question before the Senate all the time.

Mr. HARRISON. I think the Senator from Ohio is in error. Does not the question of germaneness, when it is submitted to the Senate, pertain only to appropriation bills?

Mr. SMOOT. It need not, so far as that is concerned.

Mr. HARRISON. I think if the Senator will investigate, he will find that is true.

Mr. SMOOT. Ordinarily speaking, that would be true. It would have to be germane; but in a tariff bill so many questions of germaneness are involved, so many articles are involved. We could not touch one but what we would affect some other, and perhaps 50 or 60 would be involved in that way.

Mr. HARRISON. But the Senator must admit that those who drafted this legislation were attempting to restrict the consideration of matters relating to the tariff when we included the question of germaneness.

Mr. SMOOT. The substitute offered by the Senator from Mississippi does not do that.

Mr. HARRISON. It says no amendment shall be offered unless it is germane to the subject.

Mr. SMOOT. That is all it does say. It does not and can not go into the question of how far the germaneness may apply or not apply.

Mr. HARRISON. The Senator would not have us write into the bill that if the Tariff Commission, for instance, reported a certain difference in cost of a particular article, that would open up the whole tariff question?

Mr. SMOOT. I hope not. I do not know what the House would do.

Mr. HARRISON. We have tried to restrict the matter as far as we could.

Mr. SMOOT. I admitted that, but I do not know what position the House would take, and I do not know what position the Senate would take.

Mr. HARRISON. That same provision is in the House text, too.

Mr. SMOOT. Of course, it is, but I am referring to the construction to be put upon it. There may be a wide difference of opinion as to whether it is germane or not.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield further to the Senator from Ohio?

Mr. SMOOT. Certainly.

Mr. FESS. The Senator from Mississippi is correct with reference to the rule I mentioned, that the germaneness to be settled by vote of the Senate is in relation to an appropriation bill. But the Senator will admit that if I should offer an amendment and the Chair would sustain a point of order made against it, I could immediately appeal from the decision of the Chair, bring about a vote of the Senate at once, and if we had a sufficient number of votes, we could combine and have a general tariff bill up for consideration.

Mr. HARRISON. May I, in that connection, say to the Senator from Ohio that what we are trying to do is to prevent logrolling. That is why we tried to restrict consideration to such amendments as might be germane to the subject matter. If we can go further than that, I would be glad to do so.

Mr. SMOOT. I agree with the Senator from Mississippi, but I say that if a majority of this body or a majority of the House, no matter whether the amendment was germane or not, should vote one way or the other, it might and probably would open up the entire tariff question. I know what the Senator is trying to do, and I agree with him absolutely in his desire. If we could provide for it in stronger words, I would like to see the words used, but I can not think of any, and I am quite sure the Senator from Mississippi can not, or else he would have included them. His views and mine on that subject are exactly alike.

I am simply calling attention to what may happen and what is very likely to happen; and if it should happen, we



would have one continual tariff discussion in nearly every session of Congress. I have only to refer to my files since the last session of Congress to realize the great number of applications and petitions signed by hundreds and hundreds of people which have come in from every section of the country begging for increases in tariff rates under the existing law.

Mr. President, while Congress is in session this arrangement would hold out hope of relief to industries suffering from tariff maladjustments, but without much possibility of obtaining it. Every recommendation of the Tariff Commission would be pitched into the caldron of politics. No bill increasing or lowering the rates prescribed by the commission could be considered without a flood of amendments being unloosed, so as to reopen the whole tariff question. Congress can not deal with isolated items of duty; it never has and, in my opinion, never will. When this body acts it must consider the whole field of duties and balance one against another. When a tariff is levied on hides, for example, the rates on shoes, gloves, hand bags, and a thousand other items demand attention.

This weak point in the bill is recognized by its authors, and a feeble attempt is made to correct it. The measure provides that any bill designed to carry out the recommendations of the Tariff Commission shall not include any item not included in the commission's report, and that no amendments shall be considered unless they are germane to the items in the report. Every Member of this body realizes that one session of Congress can not bind another to honor such a rule in considering tariff bills. It never has and never will.

Furthermore, the Senate might vote at any time to declare an amendment germane to the report, even though it had no direct relation to the commodity investigated. In this way the whole tariff schedules might be opened up every time an important recommendation from the Tariff Commission came under consideration. The tariff controversy would be eternally before Congress.

I wish to point out, Mr. President, two serious results that would inevitably follow from the policy that is here proposed.

Mr. BORAH. Mr. President, will the Senator object to my asking a question, if he is about to take up another matter?

Mr. SMOOT. No; I am discussing the same question.

Mr. BORAH. Very well.

Mr. SMOOT. In the first place, each report from the Tariff Commission would arouse partisan support and partisan opposition, with the result that relief under the flexible provision would certainly be delayed and probably be denied. Congress has clearly defined its policy with regard to equalizing the costs of production as between domestic articles and similar foreign products on the dutiable list. Why should we engage in a new controversy every time that policy is applied to new conditions of competition? If we should approve this measure, we would place ourselves in the position of inviting citizens to seek relief from obsolescent rates, and then denying them the relief after they had proved their case.

In the second place, we must consider the effects of such a measure upon business. It is not necessary for me to remind the Senate that uncertainty as to tariffs acts as an impediment to business. Industry can not proceed at a normal pace so long as there is danger of the whole tariff question being opened at any time when Congress is in session. The existing machinery for flexible tariff adjustments is encouraging to American industry and commerce because abnormal duties can be ironed out on the cost equalization basis. But the probability of a widespread political revision of duties at any time would constitute a formidable menace to business stability.

There is not the slightest excuse for changing the present arrangement for adjusting tariff rates that do not stand the test of the cost-equalization formula. The Tariff Commission is functioning with dispatch and efficiency. Since its reorganization about a year ago the commission has handled 138 projects, involving 246 commodities or commodity groups. Think of it, Mr. President! The commission has handled cases involving 246 commodities since the present

tariff bill was enacted, whereas during the preceding years, from 1922 up to that time, I think there were fewer than 30. Under the flexible provision the commission completed 39 reports on 72 separate commodities. Twelve rates were increased and 17 were decreased. The commission found, after extensive investigation, that the cost of production for 39 different foreign and domestic commodities was already equalized by the 1930 tariff law. Of course, no action was taken in those cases.

I want to call the attention of the Senate to the fact that the aggregate value of the imports considered in these reports by the commission to the President last year amounts to about 14 per cent of our total dutiable imports.

That is, of the total dutiable imports for one year, the commission has acted upon items that amount to about 14 per cent of our total dutiable imports. The rates were increased on imports valued at only \$17,000,000. Imports on which lower duties were specified were valued at \$44,000,000, and the imports that were investigated without alteration of the tariff rates were valued at \$137,000,000. That is the result of the operation of the flexible provision of this "horrible" tariff law. These figures not only indicate the dispatch with which the commission is doing its work, but they suggest the vital need for maintenance of a flexible-tariff arrangement that will afford relief to American producers and consumers without delay.

Mr. HARRISON. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. Yes.

Mr. HARRISON. The Senator gave figures showing the aggregate imports of the products of particular industries in cases where decreases had been recommended by the Tariff Commission?

Mr. SMOOT. Yes; lower duties.

Mr. HARRISON. And he showed the value of imports of products of industries in cases where increases had been made. That is right, I believe?

Mr. SMOOT. Yes; I stated that rates were increased on imports valued at nearly \$17,000,000, and lower duties had been specified on imports valued at \$44,000,000.

Mr. HARRISON. There was a decrease recommended by the Tariff Commission on some high-priced shoes and an increased tariff rate on some low-priced shoes. It was a kind of combination rate. Did the Senator in arriving at his figures take into consideration the whole boot and shoe industry?

Mr. SMOOT. I took into consideration the whole industry covered by the tariff act.

Mr. HARRISON. In other words, because on one character of shoe manufactured in Massachusetts the Tariff Commission recommended a slight reduction, the Senator takes the whole boot and shoe industry, whose products in the United States are valued at so much, and says that that industry was affected by virtue of that decrease?

Mr. SMOOT. No; this is what the Senator from Utah said: That the rates were increased on imports valued at nearly \$17,000,000, and imports on which lower duties were specified were valued at \$44,000,000. There may be an increase in one and a decrease in the other, but I compute the entire decrease and the entire increase as a whole, without going into specifications.

Mr. HARRISON. The figures are so startling to me that I wanted to get an analysis of them.

Mr. SMOOT. That is the way the figures have been prepared.

Mr. HARRISON. Then I understand that, in the case of the boot and shoe industry, the Senator has made the computation on both sides?

Mr. SMOOT. If there was an increase, I put it as an increase; and if there was a decrease, I put it as a decrease.

Mr. HARRISON. On boots and shoes?

Mr. SMOOT. That is exactly the way it was done. In the boot and shoe industry on certain ladies' shoes coming from Czechoslovakia there was an increase.

Mr. HARRISON. That is a small industry.



Mr. SMOOT. And that increase is computed in these figures. I have taken all the industries covered by the items, and where there was a decrease I have included the amount specified as a decrease.

Mr. HARRISON. Were those figures furnished the Senator by the Tariff Commission?

Mr. SMOOT. They were furnished me by the Tariff Commission.

Mr. President, it is remarkable that out of 165 reports from this bipartisan commission 147 have been unanimous. That record speaks well for the commission and for the law under which it operates. The flexible provision is operating better than it has ever done before. The people have confidence in the present method of adjusting rates, and they have learned to make use of the present machinery. Congress ought not to destroy this formula for adjusting customs duties at a time when it has reached its maximum of efficiency. Conditions throughout the world are changing every day. Unstable currencies and abnormal competition because of world-wide overproduction render imperative the maintenance of a workable and efficient flexible tariff provision.

I wish now to invite the attention of the Senate to paragraph C of section 1 in the Harrison substitute bill. In that paragraph will be found set forth in meticulous detail a formula by which the Tariff Commission would be asked to ascertain the difference in the cost of production of American and similar foreign articles. I do not intend to discuss this provision in detail. It is sufficient to say that its purpose is to restrict the latitude of the commission and to augment the red tape involved in finding production costs.

No narrow formula can be laid down by which the commission may find the cost of production of 25,000 different articles in many different countries. The present law instructs the commission to consider costs of production, supplemented, if necessary, by invoice or wholesale selling prices for a representative period, as well as transportation costs and "other relevant factors that constitute an advantage or disadvantage in competition."

Congress has tried particularly to make certain that instructions to the Tariff Commission were given in words that could not be misunderstood. I think, Mr. President, that is one of the reasons why the Tariff Commission has made such strides since the last tariff act became a law.

The commission is given a relatively wide range of alternatives so that its investigation may not be frustrated by lack of definite information from any one source. It may take cognizance of all the evidence, weigh it according to its merit, and formulate its decision accordingly.

This formula has proved to be practicable and fair to all parties concerned. Congress could have no purpose in destroying it to substitute a new and untried set of instructions which seek to restrict the commission in its work. If the flexible provision is to remain a useful instrument for adjustment of any of thousands of items that are contained in the tariff act, it must allow the commission to use accurate and pertinent data from all available sources.

Section 3 of the substitute measure, proposed by the Senator from Mississippi, is one of the most novel morsels of legislation that have ever come before this body for consideration. It provides that there shall be "an office in the legislative branch of the Government to be known as the office of the consumers' counsel of the United States Tariff Commission." No person would be eligible for this strange position if at any time he has ever acted in tariff matters before Congress or the Tariff Commission, either in his own behalf, as an attorney or a legislative agent. In short, the consumers' counsel would have to be some one who knows nothing about the tariff, for which accomplishment he would be allowed a salary of \$10,000 per year.

Now, what would be the duties of this anomalous counsel? He would be instructed "to appear in the interest of and represent the consuming public in any proceeding before the commission." He would have power to cross-examine witnesses, to order investigations by the commission and to obtain information relative to any tariff matters.

For that purpose he would be allowed a staff of assistants and clerks, so that in due time another costly bureau would be set up for the edification of taxpayers.

Creation of a consumers' counsel, under the terms of this bill, would bring the red tape in adjustment of tariff rates to the nth degree of absurdity. The counsel, who must be a greenhorn in tariff matters, would advise and direct the Tariff Commission in the name of an unknown body of Americans theoretically known as consumers. The commission would make its investigations and submit reports to Congress and the President. The President would submit his recommendations to Congress. Each House of Congress would submit the matter to its respective committees for further investigation and advice; and when the matter returned for action, it would probably be defeated by the demands of a few dozen Members of Congress seeking higher duties for products of their home States. Such would be the crowning achievements of the measure we have before us. The consumers' counsel is but another link in the chain of red tape that is designed to destroy the flexible provision.

The Finance Committee tried in vain, Mr. President, to discover whom the consumers' counsel is intended to represent. Every man, woman, and child in the whole country is a consumer. Our greatest consumers are our greatest industries, which spend billions of dollars for raw products. The farmer is a consumer of machinery, automobiles, building material, and what not. Yet the farmer is entitled to protection on his produce. Our laboring men are a great body of consumers; yet they are wholly dependent upon the prosperity of American industry for their livelihood. Presumably this counsel would be called upon to represent a class that does not exist, unless it might be the idle rich.

Let us not deceive ourselves. The only purpose such an official could serve would be to fight eternally against the protective system. In reality, this proposed officer should be named the importers' counsel. Invariably he would be found fighting the battle of importers against American producers, on the theory that there is within the United States a body of consumers whose interests are detached from the prosperity of American industry, agriculture, and labor. But there is no such body. America's producers and America's consumers are the same identical group. Only the importers who wish to encroach upon our domestic industries would reap any benefit from this new bureau that the American taxpayers are asked to support.

Congress has laid down a formula upon which investigations shall be made, facts ascertained, and rates changed, if necessary to equalize the cost of production. Now it is proposed to hire a counsel to divert the commission from that factual basis of inquiry by the interjection of views attributed to that unknown body referred to as consumers. This counsel would be nothing more than a leech upon the commission. How could we ask the people to support with their taxes an officer whose sole purpose would be to work against the welfare of labor, agriculture, and industry, by which our economic system is sustained?

Apparently, the author of this measure is not willing to trust the Tariff Commission and the President of the United States to make simple administrative adjustments in the duty schedules. But is he also unwilling to trust the welfare of the mythical consuming public to Congress? Inasmuch as he would have all reports come to Congress for final action, does he contend that it is necessary to set up a subsidized propagandist to tell Congress what its duty is to the consuming public?

This is no time to set up useless appendages to any department of the Government. It is not necessary to urge upon the Senate the need for economy when our national debt is increasing at the rate of \$2,000,000,000 per year. Instead of encumbering the Government with another functionless and obstructive body, we ought to trim away the dead timber that already hinders efficient service in many of the departments.



Mr. GEORGE. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Georgia?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. GEORGE. I understand that the Senator's main objection to the consumers' counsel is that he would be eternally fighting against the protective system. Did I misunderstand him?

Mr. SMOOT. I think that would be the case.

Mr. GEORGE. He would be a trouble maker down in the Tariff Commission, according to the Senator's view of the matter?

Mr. SMOOT. I think he would.

Mr. GEORGE. That is, from the standpoint of the extreme high protectionist, he would be constantly giving trouble?

Mr. SMOOT. Not at all; in connection with any rate that may be in the law.

Mr. GEORGE. I want to see if I understand the Senator. His main objection is that the consumers' counsel might controvert some of the arguments that were advanced in behalf of higher duties?

Mr. SMOOT. Not in relation to higher duties; in relation to any duty in the law, or any duty that came before the commission, whether it was low or whether it was high.

Mr. GEORGE. Does the Senator contemplate that the consumers' counsel probably would object to a lower duty?

Mr. SMOOT. He might want the lowest duties made still lower. He is there to represent the consumer.

Mr. GEORGE. Exactly.

Mr. SMOOT. And if the Senator's theory of a tariff is correct, the consumer has to pay it; and therefore the consumers' representative would take it all off, if possible.

Mr. GEORGE. I want to get the Senator's position, because I do not want to misquote him. If I understand him, the Senator does not anticipate and does not fear that the consumers' counsel would be objecting to any lowering of duties, does he? His only apprehension is that the consumers' counsel might object to some increased duty?

Mr. SMOOT. No; he might object to increases, but I think the whole policy of a consumers' counsel would be that if there was an objection, it would be an objection because of the fact that he desired a lower rate. In fact the Senator knows that.

Mr. GEORGE. The Senator from Utah thinks he would take the side of the lower rate?

Mr. SMOOT. I think so; and I think he would also take the side against any additional rate.

Mr. GEORGE. And therefore—because he is the object of the Senator's special animadversions—the consumers' counsel is the particular object of the Senator's wrath because he would universally take the side of the lower rate? I want to understand the Senator's position.

Mr. SMOOT. I have no wrath whatever. I am telling the Senate just exactly what will happen. There is not any doubt about it. The consumers' counsel is put in this bill for the very purpose I have stated. There is not any question about it; and the Senator from Georgia will not deny it.

Mr. GEORGE. O Mr. President, I would deny it, but the mere denial or affirmation would not get us very far.

Mr. SMOOT. What was in the Senator's mind when he suggested a consumers' representative?

Mr. GEORGE. To attain a fair degree of fairness and justice to the body of American citizens who are not directly interested in a particular tariff controversy. Of course, they are all interested in a sense.

Mr. SMOOT. What is the commission there for? That is exactly what the members of the commission are there for—to find the facts and then put the facts into law.

Mr. GEORGE. Why does the Senator anticipate that the consumers' counsel would be so embarrassing to the commission if that is why the commission is there, when, if the commission is endeavoring to do its clear and manifest duty, the consumers' counsel could not harm it? The Sen-

ator does not fear that the consumers' counsel would convince the commission of the truth, and certainly not that he could convince the commission of a lie?

Mr. SMOOT. I have not said that he would or would not.

Mr. GEORGE. Why be so apprehensive, then? If the consumers' counsel is to perform the same general function that the commission is to perform, why the degree of apprehension that he will throw so many monkey wrenches into the machine, or put so many flies in the ointment? Why not assume and presume that he will help the commission?

I just wanted to find out why the consumers' counsel was such a thoroughly discredited individual in the opinion of the Senator from Utah; and I discover the reason when the Senator says that the consumers' counsel generally would be in favor of the lower duty and against the higher duty, and always, or at least generally, he would be against any increase in the duty.

Mr. SMOOT. I did not say that, Mr. President. What is the very name "consumers' counsel" put there for? To get just as low rates as he can possibly get.

Mr. GEORGE. Oh, not necessarily.

Mr. SMOOT. Why did the Senator name him "consumers' counsel" then?

Mr. GEORGE. He had to be named something. I shall be perfectly willing to change the designation to "people's counsel" or "special counsel." I have no particular concern with what he is called. It is not a question of the name. If the Senator is so fastidious as to be objecting to this individual who is the subject of his especial wrath merely on account of his name, we will end the controversy now and name him anything else.

Mr. SMOOT. Oh, I would not rob the Senator from Georgia of the glory he is getting over the country as a result of calling this man the consumers' counsel.

Mr. GEORGE. We will not quarrel about the name of the counsel. I apprehend the Senator is quarreling about something much more substantial than the mere name.

Mr. SMOOT. Why did not the Senator ask, then, that there be another member of the commission?

Mr. GEORGE. I wanted some man who stood apart from the commission, so far as his services were concerned.

Mr. SMOOT. That is exactly it.

Mr. GEORGE. Yes; that is exactly it; and I do not see why the Senator is so apprehensive that the consumers' counsel would present to the American people facts that would be so disconcerting to the extreme protectionist element in the country unless there is some ground for fear.

Surely we can depend on the American people to distinguish between false propaganda coming out of the Tariff Commission, or anyone connected with the commission, and a true statement of facts.

Mr. SMOOT. Mr. President, the consumers' counsel will have a vote upon every item that comes to the commission.

Mr. GEORGE. I did not understand the Senator.

Mr. SMOOT. The consumers' counsel will have a vote, just the same as anyone else.

Mr. GEORGE. Oh, no; he would not have any vote.

Mr. SMOOT. What I mean to say is this: I will not say he will have a vote on the final rate, but taking what any people ask, he would have his vote.

Mr. GEORGE. He would not have any vote.

Mr. SMOOT. I think he would have a vote in that case.

Mr. GEORGE. I think the Senator is wrong about that. That is a mere matter of construction. He would not have a vote.

Mr. SMOOT. I will not say he would have a vote when the final vote is taken on a rate, whether it be an increase or a decrease, but I have no doubt that the Senator had in mind when he first suggested that provision that the counsel would be there to see that high rates were not imposed and that the commission would not give a higher rate or would keep the rate just as low as possible.



Mr. GEORGE. The Senator is entirely wrong about that. But, as I said before, we can not make any progress here by merely making assertions. That was not the purpose at all. Candidly, I do not mind stating to the Senator the purpose, because in his entire discussion he has not said one word about it.

The real purpose was this, and is this: That we deem it desirable to convert the Tariff Commission, just as far as possible, into a judicial body, into a nonpartisan fact-finding body. That being the purpose, it seemed logical that there should be some one attached to the commission whose duty it would be to ascertain the facts, to gather all the information that had a pertinent and relevant connection with the case, so that the commission itself could always occupy, just as far as it is humanly possible for such a body to occupy, such a position; a position of disinterestedness; a position occupied by our courts, or any fact-finding commission.

Candidly I never had the idea that the consumers' counsel would always contend for lower rates, or that he would always oppose higher rates. I had the hope that he would assist the commission to do its work in such an impartial way as to commend the commission to the respect of the American people. I assert now that if the commission ever attains the status where it has the confidence of the people as the Interstate Commerce Commission, or any fact-finding body that is supposed to stand impartially between the direct litigants in any cause of controversy, it must be aided and assisted by some one whose duty it is to present facts to it, and whose duty it is to advise it, and who does not stand in the shoes either of the importer, who wants the lowest or no duty, according to the view of the Senator, or of the manufacturer, who seeks the highest duty, assuming that the manufacturer was contending for such duty. That is the reason why I offered the amendment.

Mr. WATSON. Mr. President, will the Senator from Utah yield to me to ask a question of the Senator from Georgia?

Mr. SMOOT. I yield.

Mr. WATSON. Does the Senator agree that the correct basis of levying rates is to measure the difference between the costs of production at home and abroad?

Mr. GEORGE. No; I do not. I concede that that is an element in the equation when once it is decided that a rate should be imposed upon an article, but I do not concede that it is the correct or that it is the exclusive or that it is even a wholly satisfactory method.

Mr. WATSON. What is the Senator's basis for rate making?

Mr. GEORGE. I have not offered any basis, except in the discretion of the legislative body. If I had the power to write the law, I would like to see the commission a disinterested, fact-finding body, to find the facts with reference to any import, or with reference to any commodity that is manufactured or produced in the United States.

Mr. WATSON. To find what facts?

Mr. GEORGE. All the facts pertinent to the costs, and any other pertinent facts, and to report those facts to the Congress.

Mr. SMOOT. That is just exactly what they do now.

Mr. GEORGE. I am perfectly willing to concede that if the Congress is to have the final power, as I think it should, either to impose a rate, decrease a rate, or increase a rate, or to take it off entirely in a case where the rate is already imposed, there is not the same necessity for the consumers' counsel as there is under the present system.

Mr. WATSON. Let me ask the Senator this question: Has it not come to be the Democratic basis of rate making that rates shall be levied to equal, as nearly as possible, the difference between the costs of production at home and abroad?

Mr. GEORGE. That is an element; but the Democratic position is that facts with reference to that question should be found by the commission and the commission should then make its report back to the Congress, and, finally, the question of the rate—whether it should be imposed or the

height of the rate, if imposed—should rest in the discretion of the Congress.

Mr. WATSON. The Senator says, I think very justly, that what he wants the commission to do is to find the facts. That must, of necessity, mean the facts of conversion costs in this country and conversion costs to manufacture the same article in competing countries. What other facts are there for the Tariff Commission to find on which to base protective tariff or revenue tariff rates?

Mr. GEORGE. There are many other facts the Tariff Commission might find, as far as that is concerned. It could find, of course, all the facts with reference to production and manufacture of any particular article. It might find, also, facts concerning the efficiency of methods of production in various countries. It might find, also, facts with reference to the location of industries and matters of that kind.

After all, the position which I believe to be the sound position—and it is the position which is taken in this proposal—is that whatever facts it finds shall be reported to the Congress, and the Congress itself in the exercise of its legislative powers, enlightened by those facts, should impose the rate or should deny the rate.

Mr. WATSON. I understand the Senator's position thoroughly, but I could not understand why, and I can not yet understand, if it be the conception of the very formation and operation of the Tariff Commission to levy rates which measure the difference in the costs of production at home and abroad, together with transportation costs, and efficiency, and so forth, why it is necessary to have an adjunct to the court to ascertain those facts. The Senator sat on the bench for many years.

Mr. GEORGE. Exactly.

Mr. WATSON. And he was a very able judge, as we all know.

Mr. GEORGE. I disclaim the compliment the Senator desires to pay me, but I am glad the Senator mentioned the matter of the court. Let me call the Senator's attention to this fact: If the courts, sitting to do justice between litigants, had constantly to interfere with the one side or the other, exposing themselves to the criticism of partiality in behalf of this side or the other side of litigation, the courts would lose the confidence of the American people, and it is precisely that thought I had in mind. Whatever the Senator from Utah may now ascribe to me, it was precisely that thought I had in mind when I proposed the consumers' counsel, or the counsel to the commission, because I wanted the commission, in its effort to find the facts, to be placed in a position where it could invite the full confidence of the public in its final conclusions upon the facts, so that it would not be compelled to take sides against an importer who was a litigant or a supplicant at the bar of the commission or to take sides against or for an American producer or manufacturer.

Mr. WATSON. Where there is a commission with three Republicans and three Democrats—and that is the kind of a commission we are supposed to have—

Mr. GEORGE. I do not understand that that is the kind of a commission we do have.

Mr. WATSON. That is the kind of a commission we are supposed to have. I am not going to argue the individual views of different commissioners, because I do not know what they are. I can not understand why it is necessary to appoint another person, who would be at least equally prejudiced with any man sitting on the Tariff Commission.

Mr. GEORGE. Equally prejudiced?

Mr. WATSON. If he were prejudiced at all, he would be equally prejudiced. He would have tariff views. The Senator would not have appointed as consumers' counsel one devoid of all opinion, divested of all ideas about the tariff. He would be there to represent somebody for a given purpose.

Mr. GEORGE. No; we perhaps have some commissioners who are devoid of all ideas. They are divested of all real opinions of their own about tariff matters.



Mr. WATSON. Is not that the very attitude for a commissioner to be in?

Mr. GEORGE. He should be an impartial commissioner.

Mr. WATSON. Yes.

Mr. GEORGE. Waiving all that, and assuming it is desirable that the American people believe that the Tariff Commission is impartial, that it makes an honest effort to ascertain the pertinent facts in every case, the way to maintain the reputation of the commission in the opinion of the American people, the way to sustain confidence in the commission is to place the commission in a position where it does not have to become apparently partisan for the manufacturer or against the manufacturer, or the producer, if the Senator wishes to use a more inclusive term. The counsel may aid the commission, he may perform the same function for the commission that the counsel to any other fact-finding body, or to any judicial body performs. I dare say there is no tribunal in our system, from the highest to the lowest of our tribunals, which could retain the confidence of the American people if that body itself were called upon to be constantly taking the side or apparently taking the side of one litigant or the other litigant to the particular controversy before it.

It was precisely for that reason that I desired to see a consumers' counsel or commission counsel appointed, because I had hoped that the Tariff Commission might develop into a great fact-finding body, fortified by the confidence of the American people, very much as is the case today with the Interstate Commerce Commission.

I had hoped, of course, that it would be considered as a nonpartisan commission, as nearly as that consummation can possibly be reached.

Mr. HARRISON. Mr. President, will the Senator from Utah yield to me to ask a question?

The VICE PRESIDENT. Does the Senator from Utah yield?

Mr. SMOOT. I yield.

Mr. HARRISON. In answer to the question of the Senator from Indiana, may I suggest to the Senator from Georgia that the case of Fourdrinier wire, where the importers and producers got together and raised the price to the American consumer, would be a very nice illustration of where the consumers' counsel could play some part if the matter went before the Tariff Commission.

Mr. GEORGE. Exactly.

Mr. HARRISON. To cite another case, the importers of high-priced watches into the United States, as the Senator will remember, and the producers of such watches in the United States got together and agreed on a certain rate. If they wanted to reduce that rate they might come before the Tariff Commission, and the consumers' counsel in that case might play a very desirable part.

Mr. SMOOT. This is the first time I have heard of the watch importers and the American manufacturers getting together.

Mr. HARRISON. Oh, the Senator recalls that in the Committee on Finance we worked on that proposition ever so long and finally they brought in a proposal that was in absolute agreement.

Mr. SMOOT. I think the Senator is mistaken. I remember that I received from importers some of the bitterest letters I ever received in my life, relating to that compromise rate.

Mr. HARRISON. That may have had to do with the cheaper watches, but the high-priced manufacturers and importers got together.

Mr. SMOOT. No; they did not get together. Who is the consumer? The idle rich, the importer, and everybody else comprise the consumer class, and the consumers' counsel would not be there unless it was for the purpose of looking after the consumers' interests.

Mr. GEORGE. Mr. President, I hope the chairman of the Finance Committee will pardon me again.

The VICE PRESIDENT. Does the Senator from Utah yield further to the Senator from Georgia?

Mr. SMOOT. I yield.

Mr. GEORGE. I invite him to-night to think of some better name for the counsel of the commission. If the word "consumers'" is so offensive to him, I invite the Senator to suggest a better name. We want the function and not the mere name.

Mr. SMOOT. I know what "consumer" means, and I think I know the object of the amendment. Everybody is a consumer, and they all want lower rates. We might as well have a "labor counsel" and a "manufacturers' counsel" and a "producers' counsel."

Mr. President—

Mr. HARRISON. Mr. President, will the Senator yield further before he proceeds?

The VICE PRESIDENT. Does the Senator from Utah yield further to the Senator from Mississippi?

Mr. SMOOT. I am always glad to yield to the Senator.

Mr. HARRISON. The Senator suggested that we ought to have a manufacturers' counsel and a labor counsel. The Senator will recall that during the consideration of the Fordney bill it was suggested that labor and the manufacturers might be represented, but we voted to strike them out. That was before the Grundy machine got to working so smoothly.

Mr. SMOOT. The Senator knows I was not in favor of it and the Senator knows the Finance Committee was not in favor of it.

Mr. HARRISON. We took it out, did we not?

Mr. SMOOT. Yes; and we should have taken it out of this provision.

Mr. HARRISON. That is one time the Senator was against Mr. Grundy. The Senator was in good form that time.

Mr. SMOOT. I have no flings to make at Mr. Grundy or anyone else. If Mr. Grundy is right I am with him, and if he is wrong I am against him.

Mr. President, section 4 of this bill launches into quite a different field. It "respectfully requests" the President "to initiate a movement for an international economic conference with a view to (a) lowering excessive tariff duties and eliminating discriminatory and unfair trade practices and other economic barriers affecting international trade, (b) preventing retaliatory tariff measures and economic wars, and (c) promoting fair, equal, and friendly trade and commercial relations between nations." The President would be asked to invite other nations to sit in a council for the scaling down of American tariff schedules. But such a conference would have no authority whatever actually to change the American tariff law. This bill itself specifically provides that any treaty or arrangement changing tariff duties or in any way affecting the revenue of the United States must first be approved by Congress.

There is no reason to anticipate that Congress would lower the American tariff under the influence of an international conference. The sponsors of this bill profess to believe that our present tariff rates are too high and that America led all other nations throughout the world to increase their duties. Then why do they not initiate legislation to reduce the tariff? It is evident that they do not wish to take the responsibility of denying protection to any industry that is struggling against foreign competition in these critical times. In this bill they seek to shunt that responsibility upon the President without trying to indicate in any way what the policy of Congress might be when the proposed conference had been concluded and its work would come before this body for ratification.

In view of the fact that the sponsors of this measure have vigorously denounced the existing tariff rates as detrimental to the welfare of the United States and that they now make no move to change any rate in the 1930 law, this proposal of an international conference on tariffs takes on the nature of a face-saving gesture. They wish to blame the President for their own failure to adjust rates that they have condemned as a whole but dare not change as to specific items.

I do not blame the Democratic leaders for their refusal to consider the reduction of tariff rates. They are doubtless aware of the fact that any weakening of the protective sys-



tem would expose our producers to unprecedented foreign competition at a time when they are least able to cope with it. Any measure proposing specific reductions of duty would arouse widespread resentment from all citizens who depend upon tariff protection for their livelihood. I sympathize with the Senator from Mississippi in the impracticability of translating his avowed principles on the tariff into specific rates of duty. But why should the Democratic leaders of this body seek to impose upon the Chief Executive and foreign governments a responsibility which primarily belongs to themselves?

Mr. HARRISON. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. I yield.

Mr. HARRISON. Is the Senator fussing because we did not bring in a specific proposal reducing the present rates?

Mr. SMOOT. I am not fussing. I am just calling attention to the attitude of the Democratic Party to-day just before the election.

Mr. HARRISON. Will the Senator give me his opinion as to whether he thinks the President would sign a bill that would provide for a reduction in rates?

Mr. SMOOT. I have not any right to speak for the President in any way, shape, or form.

Mr. HARRISON. If the President would consult the Senator, would he tell him not to sign such a bill?

Mr. SMOOT. The President would not consult me.

Mr. HARRISON. I suppose he would not if he follows his usual practice.

Mr. MOSES. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Hampshire?

Mr. SMOOT. I yield.

Mr. MOSES. May I ask the Senator from Mississippi a question? Will the Senator join with me in endeavoring to put through an amendment to this bill reducing the duty on long-staple cotton, and see what the President would do with it?

Mr. HARRISON. If the Tariff Commission should find there is no difference in the cost of production in this country and abroad and recommend it, I would stand right by their finding. I would do differently in that respect than the Senator from New Hampshire would with reference to a lot of products of his State.

Mr. MOSES. Let us take a short cut at it. I invite the Senator to join with me in that move.

Mr. HARRISON. That would be a wonderfully fine argument, but if the Senator had been here this morning and heard what I said about him—

Mr. MOSES. I heard it.

Mr. HARRISON. What was it I said?

Mr. MOSES. Oh, something about my voting to limit the time during which he—

Mr. HARRISON. I suppose the Senator has changed his view on that?

Mr. MOSES. I have not looked up my record to see. The Senator knows about it so much better than I do.

Mr. SMOOT. I want to say to the Senator from Mississippi that if a 7-cent duty is necessary for long-staple cotton, I will vote for it at any time.

Mr. HARRISON. That is the trouble with our friends over on the other side of the Chamber. Whenever a Senator shows that he is not in every instance for free trade, but for a tariff, whether it is a competitive tariff or tariff for revenue or what not, they try to throw upon him the burden of their whole nefarious course. So far as I am concerned, if the Tariff Commission should ascertain a certain state of facts, I would be willing to follow them providing there is real competition in the product. In that particular instance, as the Senator knows, there was quite a large competition of 400,000 bales coming in with only 700,000 bales produced in the United States, a situation where there is real competition.

Mr. SMOOT. There is not long-staple cotton enough produced in the United States to fill the demand. The Senator knows that and stated so very frankly.

Mr. HARRISON. There are 400,000 bales imported and 700,000 bales produced, and we exported a little, but not much.

Mr. MOSES. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Hampshire?

Mr. SMOOT. Certainly.

Mr. MOSES. I have just consulted with a much more powerful Member of the Senate than I, and one also a member of the Committee on Finance along with the Senator from Mississippi. I will now ask the Senator from Mississippi if he will join with the Senator from Indiana [Mr. WARSON] and with me in reducing the duty on long-staple cotton?

Mr. HARRISON. I would be perfectly willing to have the Congress vote to take all the tariff off of it if we could take off a lot of the exorbitant rates contained in the law. I have no interest in that particular item. In other words, I am one of those who can not be bribed by saying that if I will vote for a certain item, other Senators will vote for my item. I do not work that way. Logrolling is one of the factors that has made tariff construction nauseating.

Mr. MOSES. I would like to have a bill of particulars from the Senator. To what exorbitant rate does he refer? Possibly he and the Senator from Indiana and I can come to an agreement.

Mr. HARRISON. Will the Senator from Utah give me the time to go over all the exorbitant rates figuring in the law?

Mr. MOSES. I think the Senator from Utah, with his usual good nature, is entirely willing to have the Senator from Mississippi display his entire ignorance of tariff matters.

Mr. HARRISON. I will tell the Senator one that the Senator was very much opposed to, where an effort was made to vote a rate of 5½ cents a pound on maple sirup, for instance, and an 8-cent duty on maple sugar. That was done over our protest, but the Senator from New Hampshire voted for it because his people were interested in those products. The Tariff Commission reduced those rates down to 5½ cents and 4 cents. I can give the Senator many other instances.

Mr. MOSES. And I am still protesting against it along with the Senators from Louisiana.

Mr. HARRISON. The Senators from Louisiana are not interested in maple sirup or maple sugar.

Mr. MOSES. They are interested in the sugar schedule. May I say, while the Senator from Mississippi is distributing saccharinity all over the Chamber, that he can not possibly deceive us as to his attitude?

Mr. HARRISON. Did I state the facts correctly about maple sugar and maple sirup?

Mr. SMOOT. I want also to say to the Senator from Mississippi that he ought to be happy because Cuban raw sugar is now selling for 73 cents a hundred.

Mr. HARRISON. I am not talking about Utah sugar. I was talking about maple sugar. The Senator does not know the difference between Utah sugar and maple sugar, but as soon as any kind of sugar is mentioned the Senator from Utah goes into spasms.

Mr. SMOOT. I simply want to say to the Senator from Mississippi that we would never get him to vote for any tariff on sugar.

Mr. HARRISON and Mr. WATSON addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. HARRISON. The Senator put a question to me.

Mr. SMOOT. No; I did not.

Mr. HARRISON. I understood the Senator to say he agreed with me as to what I said about maple sugar and maple sirup. I have not mentioned any other kind of sugar.

Mr. MOSES. But we are.



Mr. WATSON. Mr. President—

The VICE PRESIDENT. The Chair must announce that if interruptions are not made in accordance with the rule, he will insist that the Senator having the floor shall only yield for a question. Does the Senator from Utah yield to the Senator from Indiana?

Mr. SMOOT. If that is the ruling of the Chair, I will ask the Senator from Indiana if it is for a question that he desires me to yield?

Mr. WATSON. No; I want to make a statement.

Mr. SMOOT. Then I must decline to yield.

Mr. WATSON. I want to ask the Senator from Mississippi a question.

Mr. HARRISON. I should be glad to answer it if I can.

Mr. WATSON. Mr. President—

The VICE PRESIDENT (rapping for order). Let the Senate be in order.

Mr. WATSON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Chair has stated that he is going to enforce the rule. Four or five Senators are trying to talk at the same time.

Mr. WATSON. May I ask the Chair a question?

The VICE PRESIDENT (rapping for order). Let the Chair make a statement. Unless Senators desiring to interrupt address the Chair and ask permission to interrupt the Senator having the floor to ask him a question, the Chair will insist that the rule be strictly enforced and that the Senator having the floor shall yield only for a question.

Mr. WATSON. Mr. President, may I ask the Senator from Mississippi a question in the time of the Senator from Utah?

The VICE PRESIDENT. Does the Senator from Utah yield for that purpose?

Mr. SMOOT. I yield for that purpose.

Mr. HARRISON. And now I yield, too! [Laughter.]

Mr. WATSON. Mr. President, I want to ask the Senator from Mississippi a question. On long-staple cotton, known in the trade as sakellaridis, in July, 1930, the landed cost prior to the payment of 7 cents per pound specific duty, was 22.02 cents per pound, being equal to an ad valorem duty of 32 per cent. England has gone off the gold standard, and on the 31st of December, 1931, the landed cost, prior to the payment of 7 cents a pound specific duty, was 10.82 cents per pound, equal to an ad valorem duty of 65 per cent. In other words, there was an increase from 32 per cent to 65 per cent. Is that one of the "outrageous" rates the Senator from Mississippi referred to in his speech; and is that one of the rates he is willing to reduce?

Mr. HARRISON. Mr. President, I will say to the Senator if he was on the subcommittee which considered the agricultural schedule of the Smoot-Hawley Tariff Act—and I think he served on that subcommittee—he will recall that certain gentlemen there were appealing for a duty of 22 cents a pound on long-staple cotton, and I think an amendment was offered to that effect by one of the Senators from the Far West. I would not stand for such a proposal. I went as far as 7 cents a pound, because it was shown that that was about the difference in the cost of production. I am perfectly willing to reduce the rate, and I just stated to the Senator that I would be perfectly willing even to vote long-staple cotton on the free list if we could get the tariff law upon a fair basis where it would not cost the American people the billions of dollars it is now costing because of its excessive rates. Does that answer the Senator's question?

Mr. WATSON. No, Mr. President.

Mr. HARRISON. What does the Senator want me to say—to answer the other way?

The VICE PRESIDENT. Does the Senator from Utah yield further?

Mr. SMOOT. I will yield for a question, and then I desire to proceed.

Mr. WATSON. I will refer to the matter further in my own time.

Mr. HARRISON. I thank the Senator.

Mr. SMOOT. Mr. President, an international conference on tariffs could accomplish nothing under these circum-

stances. On the other hand, it would probably lead to a strengthening of tariff barriers against American exports. Three years ago a tariff conference was held at Geneva, attended by some of the ablest men of the great commercial powers. Before sending delegates to this gathering about two-thirds of the participating governments raised their duties, so as to put their delegates in a better trading position. But the conference could not even agree to leave tariff barriers where they were at that time. The net result was a substantial increase in duties for most of the participating governments. And since that time European countries have indulged in the greatest tariff-raising orgies that the world has ever seen. Even Great Britain has been forced to raise a protective wall around herself to halt the dumping of surplus commodities resulting from world-wide overproduction.

No nation is willing to sacrifice its domestic market to foreigners in times like the present, least of all the United States. Production costs and living standards in the United States are far above those of competing nations; therefore, this country would suffer most from a razing of tariff barriers.

Mr. President, during the consideration of the bill of 1930 I had in the Finance Committee room a map of the world showing the tariff walls of all the countries of the world. That map demonstrated the fact that the tariff rates established by the United States are not the highest by any manner of means. More than half of the countries of the world had higher tariff walls, so called, than we had.

During this period of abnormal competition and world-wide overproduction we can not afford to allow foreign producers greater privileges in the American market, regardless of what concessions they might be willing to make in return.

Since Congress is not prepared, and likely will not be prepared, to add to the distress of any domestic industry, it would be absurd to call an international conference. Nations would send representatives to the gathering, with the expectation that the United States would lead the way in making tariff concessions. If the delegates refused to do so or if they did so and Congress refused to ratify their agreement, the resentment of the whole world would be turned against the United States. Congress would be accused of duplicity. America would be charged with prolonging the depression. Do the authors of this measure suppose that they could promote American export trade or ameliorate the domestic situation by such a performance?

It should be noted also, Mr. President, that this bill would not restrict such a conference to tariff matters. It proposes an "international economic conference," one purpose of which would be the elimination of "other economic barriers affecting international trade." This might be construed as a direct reference to the so-called war debts which the Governments of Europe owe to the United States. Certainly the debtor nations would so interpret it. The American delegates would be asked, in all probability, to agree to a modification of the debt-funding arrangements in the interest of promoting international trade. As it stands, this bill would give them authority to launch upon such a discussion and the whole question of intergovernmental debts would be opened. Having called the conference, the United States would be in a most embarrassing situation. Serious international complications and increased resentment against the American people would be the inevitable result. It must be apparent to every member of the Senate that the only purpose which this proposed economic conference might serve would be to complicate our international relations and strain our friendship with other governments.

By the final paragraph of this bill Congress would be "authorized and requested" to "negotiate with foreign governments reciprocal trade agreements under a policy of mutual tariff concessions." At present our tariffs are levied against all nations, and no foreign country is favored against another. That is one reason why the United States is on friendly commercial relations with the whole world. But this bill would abolish the traditional attitude of the



Government and institute tariff bickering and favoritism into our international relations.

The effect of such a measure upon domestic enterprises would be even more serious. In adopting this policy Congress would say, in effect: "We do not need some of our industries that are now protected by customs duties. Therefore let us scrap them and allow foreign nation A to supply us the commodities those industries now produce, so that we may in turn sell to A a larger quantity of some other American product." Tariff concessions can not be established without sacrificing some industry now operating under the protective system. Obviously we can not bargain with other countries, using commodities that are already on the free list. What industries shall we discriminate against? Would the Senator from Mississippi be willing to take away the duty on long-staple cotton so that radio manufacturers might sell more of their products abroad? Would Texas give up the duty on olive oil, for example, so that Michigan could sell more automobiles to Italy?

Reciprocal trade agreements might work well in Great Britain, where large quantities of foodstuffs and raw materials must be imported and a foreign market must be found for finished manufactures. But in the United States our problem is quite different. With the exception of a few necessities, such as rubber, tea, and silk, the United States is virtually self-contained. Nearly all of our wants can be supplied from our own varied resources. How can we expect our people to allow part of those resources to lie dormant to give other favored industries a better chance to exploit foreign markets? The central thought behind this provision for "mutual tariff concessions" is repugnant to the political theory of equality on which our Government is based.

It is of practical interest to ask what concessions are foreigners seeking in the American market. Most of the protests that have been registered against the Smoot-Hawley Act come from the importers of farm products. Most of the protests have been against farm products, and, Mr. President, most of the increases in rates in that very tariff bill were on farm products. I was in favor of them, and I do not believe this Congress is going to change them, or would do so if it had a chance.

Industry in the United States has been protected for so long that foreigners have little hope of effectively competing in that field. But agriculture was brought definitely within the bounds of protection only in the 1930 act. The most vociferous demand of our commercial neighbors is for the revival of lower rates on agricultural imports. Is the purpose of this bill to withdraw protection from the farmer so that industrial sales abroad may flourish?

As the tariff now stands, it is calculated to equalize the costs of production in the United States and foreign countries. It does not tolerate special bonuses to some domestic industries while foreign competition is invited against others. If Congress should adopt a policy of discriminatory tariffs, the whole protective system would be jeopardized. In a nation of such varied interests as ours, concessions to any foreign producers would be repugnant to the common welfare.

In conclusion, Mr. President, the arguments against this bill are clear and unmistakable. It would vitiate the flexible provision at a time when emergency changes in the tariff are more vital to industry, labor, and agriculture than ever before in our history. It would clog the wheels of legislation and encourage filibustering, because it would keep the tariff issue perpetually before Congress. For the same reason it would promote uncertainty in the business world. It would narrow the latitude of the Tariff Commission in its investigations and thus delay, if not frustrate, flexible tariff relief. It would create an expensive and worse than futile agency, known as the consumers' counsel, to harass the commission and confute the fact-finding process. It would entangle the United States in a useless international imbroglio from which only antagonism and resentment could arise. Finally, it would eviscerate the American doctrine of protection on a cost-equalizing basis, and substitute therefor a

vicious system of concessions for foreigners and bonuses for a few favored industries.

I submit, Mr. President, that not one paragraph of this bill could be written into law without mutilating our traditional policy of tariff protection and compromising the welfare of the American people.

Mr. President, I had some other remarks to make upon this question, but I think this is ample for the day, and I yield the floor now.

#### PRODUCTION AND TRANSPORTATION COSTS OF CERTAIN OILS

The VICE PRESIDENT laid before the Senate a letter from the chairman of the United States Tariff Commission, transmitting, pursuant to Senate Resolution No. 323 of the Seventy-first Congress (submitted by Mr. SHEPPARD), a report of the costs of production and of transportation to the principal consuming markets of the United States of coconut oil and copra from the Philippine Islands and other principal producing regions, palm oil, palm-kernel oil, whale oil, rapeseed oil, perilla oil, and sesame oil, etc., which, with the accompanying document, was referred to the Committee on Finance and ordered to be printed, with illustrations.

#### PETITIONS AND MEMORIALS

Mr. BLAINE presented resolutions adopted by the Woman's Christian Temperance Union of Oconto Falls, Wis., protesting against the resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which were referred to the Committee on the Judiciary.

Mr. SHIPSTEAD presented a petition of sundry citizens of McIntosh, Minn., praying for the passage of legislation known as the Frazier bill, being Senate bill 1197, to liquidate and refinance agricultural indebtedness, and to encourage and promote agriculture, commerce, and industry, by establishing an efficient credit system, etc., which was referred to the Committee on Agriculture and Forestry.

Mr. KING presented a paper in the nature of a petition signed by Hon. George H. Dern, Governor of the State of Utah; Maggie S. Francis, Lucy R. Turner, and Eliza Rich, president and first and second vice presidents, respectively, of Morgan County Camp, Daughters of Utah Pioneers, praying for the passage of legislation granting pensions to such veterans of the Black Hawk Indian War as can prove service and have not heretofore received pensions, which was referred to the Committee on Pensions.

He also presented a memorial of sundry citizens of Salt Lake City, Utah, remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

Mr. BARBOUR presented a resolution adopted by Lawrenceville (N. J.) Grange, No. 170, Patrons of Husbandry, favoring reduction in governmental expenditures and taxes, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by the Taxpayers' League of Passaic County (N. J.) (Inc.), favoring retrenchment in governmental expenditures, and opposing bond issues for proposed new projects, which were referred to the Committee on Appropriations.

He also presented the petition of Manasquan Brielle Auxiliary to the Veterans of Foreign Wars Post, No. 1838, of Point Pleasant, N. J., praying for the immediate payment in cash of adjusted-service compensation certificates (bonus), which was referred to the Committee on Finance.

He also presented a petition of sundry citizens of Camden and vicinity, in the State of New Jersey, praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Association of Chosen Freeholders of New Jersey, at Jersey City, N. J., praying for the passage of the bill (H. R. 9642) to authorize supplemental appropriations for emergency highway construction with a view to increasing employment, which was ordered to lie on the table.



## THE PROHIBITION QUESTION

Mr. BLACK. Mr. President, I ask unanimous consent to have inserted in the RECORD a petition sent to Hon. W. B. OLIVER, Member of Congress from the sixth Alabama district, from 126 members of the Calvary Baptist Church of Tuscaloosa, Ala., with reference to the prohibition law. I ask that the petition be printed in the RECORD and then referred to the Committee on the Judiciary.

There being no objection, the petition was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

To W. B. OLIVER,

*United States Representative:*

In view of the many bills that have been submitted to Congress by the opponents of prohibition, we, the undersigned, urge that you use your influence and cast your vote in support of the maintenance of the prohibition law and its enforcement and against any measure looking toward its modification, resubmission to the States, or repeal, and that this petition be printed in the CONGRESSIONAL RECORD.

Lloyd Hart, Leone Mathews, Helen Reid, Martha Sanders, Gaynor Cunningham, Hattie Smith, Mrs. A. D. Kinnett, Rev. A. D. Kinnett, Irene Chambers, Mittie Hill, Lena Billingsley, Mrs. S. J. McCall, S. J. McCall, Myra Moore, Nida Louise Schmitz, Beatrice Schmitz, Hattie Mae Nelson, Caddie Bell, Mildred Lewis, Maedell Goodson, Alcie Bell, Mirian Bowers, Edith Harbour, Sara Mae Hammond, Hugh Gachet, Zeb Lucas, Leon Phillips, Ellis P. Rice, Jack Cunningham, Henry G. Hamel, Archibald Elkworth, Vaughn Epperson, Cecil Womach, Hazel Baxley, Jack N. Hines, Harwell H. Jones, John A. Caldwell, John M. Canthen, Horace Thompson, Charles Bowers, Homer Dutton, Paul E. Haygood, Maurice Couch, Merril Griffin, Estus J. James, Mrs. M. E. Baxley, M. E. Baxley, Olive Massengale, Motie Gay Homan, Minnie Mae Walker, Ruby Bagwell, Juarine Berry, Lola Baxley, Jessie DeRamus, Frances Gandy, Lucile Eatman, Ella Mae Channell, Joe G. Burns, H. B. Larkins, Lee Glover, Cecil Carver, George R. Hughes, Larry G. Hughes, Roy D. Couch, Dorothy Shirey, Arnold Shirey, Lela A. Royal, R. B. Bishop, Margaret F. Mills, Chas. S. Fletcher, Mrs. Chas. S. Fletcher, Mrs. H. N. Hammond, Mrs. W. W. Gandy, W. W. Gandy, Mrs. H. L. Lyon, Mrs. Lottie Baringer, Mrs. A. E. Patterson, B. V. Hughes, Miss Ethel Ryan, Mollie Edwards, Dr. S. G. Hamilton, Mrs. S. G. Hamilton, R. D. Causey, F. A. Koeppel, L. D. Hawkins, K. A. Drummond, A. E. Hughes, H. L. Black, Mrs. H. L. Black, J. S. Hudson, Mrs. J. N. Bagwell, Mrs. Perla Williams, Mrs. G. A. Tubb, Mr. J. B. Patterson, Mrs. J. B. Patterson, David M. Spinks, Mrs. David M. Spinks, V. E. Thornton, Mrs. V. E. Thornton, Roscoe Duncan, Mrs. Roscoe Duncan, C. Jackson, G. E. Tubb, J. R. Sexton, Mrs. Eunice Shaffer, W. H. Nicol, Mrs. W. H. Nicol, H. A. Edwards, Mrs. H. A. Edwards, Loutrelle McCall, Mrs. A. M. Logan, Lucy Berrey, Mrs. W. S. Berrey, Ernest Wyatt, Mrs. W. H. Hinton, Mrs. L. J. Wyatt, Mrs. Geo. Farmer, G. C. Farmer, Mrs. W. H. Alexander, Mrs. S. D. Allen, Mrs. L. E. Cook, C. P. Syring, Mrs. C. P. Syring, Sam V. McCall, J. Hal McCall, Mrs. M. W. Monnish.

The above signatures are from the young people and adult departments of the Calvary Baptist Church, Tuscaloosa, Ala.  
Mrs. S. J. McCall.

## REVISION OF BANKRUPTCY LAW

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to present a letter in the nature of a petition relating to the bill to revise the bankruptcy law now pending before the Committee on the Judiciary. I ask that the letter be printed in the RECORD and referred to the Committee on the Judiciary.

The VICE PRESIDENT. Without objection, that order will be made.

The letter is as follows:

JONESBORO, ARK., March 12, 1932.

HON. JOE T. ROBINSON,

*Washington, D. C.*

DEAR SENATOR: Some of my friends who practice more in the bankruptcy court than I do are very much concerned over the new bill which it seems the President is trying to rush through as a relief measure creating a new bureau and entirely revising the bankruptcy procedure.

I have been requested to write you suggesting to you that this bill ought to be carefully investigated by the Judiciary Committee or some committee before final passage. Certainly it does not bear much of the earmarks of a relief measure, from what I understand about it.

The information conveyed to me is that the bill seems to have been devised to meet certain supposed defects in the administra-

tion of bankruptcy law in New York and that it would be entirely inapplicable to the eighth circuit. For instance, I am informed that one of the provisions is that within five days after adjudication the bankrupt is supposed to appear before the supervisor for examination and, considering the size of the eighth circuit and the fact that most of the bankruptcy matter are no-asset cases, this would constitute something of a hardship on a small bankrupt, whereas in New York or some city it might not be so difficult. If the supervisor of the eighth circuit should be located at St. Paul or elsewhere, it would certainly constitute a big job to reach him from Jonesboro, for instance, in five days.

I am further informed that the act seems to contemplate an investigation with reference to the propriety of discharge as to each individual bankruptcy case. A very large percentage of the bankruptcy cases down here are no-asset cases; and while there may be an occasional fraud, it is doubtful whether there is any general and persistent custom to commit fraud, and any one individual can only go bankrupt every six years; hence it seems a rather elaborate plan when applied to this circuit, however applicable it may be to New York.

However, the only thing I am suggesting to you is that it would be well if the committee should investigate the matter, and I am

Your friend,

CHAS. D. FRIERSON.

## PROPOSED SALES TAX—FEDERAL FARM BOARD

Mr. ROBINSON of Arkansas. I also present a petition in the form of a telegram signed by a number of citizens of Hindsville, Ark., relating to the proposed manufacturers' sales tax on canned foods. I ask that that petition be referred to the Committee on Finance.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBINSON of Arkansas. Also, sundry telegrams relating to the proposed reduction of salaries of the Federal Farm Board. I ask that these telegrams be referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBINSON of Arkansas. I also present a telegram relating to certain features of the proposed sales tax, which I ask to have referred to the Committee on Finance.

The VICE PRESIDENT. Without objection, it is so ordered.

## REPORTS OF COMMITTEES

Mr. AUSTIN, from the Committee on the District of Columbia, to which were referred the following bill and joint resolution, reported them each with amendments and submitted reports thereon:

S. 1155. An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes (Rept. No. 450); and

S. J. Res. 13. Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes (Rept. No. 475).

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 4040) granting the consent of Congress to the counties of Fayette and Washington, Pa., either jointly or severally, to construct, maintain, and operate a toll bridge across the Monongahela River at or near Fayette City, Pa., reported it without amendment and submitted a report (No. 451) thereon.

Mr. JOHNSON, from the Committee on Commerce, to which was referred the bill (S. 4166) for the relief of James M. Griffin, disbursing agent, United States Coast and Geodetic Survey, and for other purposes, reported it without amendment and submitted a report (No. 474) thereon.

Mr. HOWELL, from the Committee on Claims, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 902. An act for the relief of Willie B. Cleverly (Rept. No. 452);

S. 1858. An act for the relief of Harriette Olsen (Rept. No. 453); and

S. 3344. An act for the relief of Maggie Kirkland (Rept. No. 454).

Mr. HOWELL also, from the Committee on Claims, to which was referred the bill (S. 3504) for the relief of Lyman L. Miller, reported it without amendment and submitted a report (No. 455) thereon.



Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 220. An act authorizing adjustment of the claim of the Van Camp Sea Food Co. (Inc.) (Rept. No. 463);

S. 222. An act authorizing adjustment of the claim of B. F. Hart (Rept. No. 464); and

S. 2236. An act to reimburse the William L. Gilbert Clock Co. for revenue erroneously paid (Rept. No. 465).

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 2671) providing for the final enrollment of the Indians of the Klamath Indian Reservation in the State of Oregon, reported it with amendments and submitted a report (No. 461) thereon.

He also, from the same committee, to which was referred the bill (S. 1196) authorizing the Tlingit and Haida Indians of Alaska to bring suit in the United States Court of Claims, and conferring jurisdiction upon said court to hear, examine, adjudicate, and enter judgment upon any and all claims which said Indians may have, or claim to have, against the United States, and for other purposes, reported it without amendment and submitted a report (No. 462) thereon.

Mr. WALSH of Montana, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 1044. An act authorizing the issuance to Wesley A. Howard of a patent for certain lands (Rept. No. 456); and

S. 2395. An act authorizing the conveyance of certain land to school district No. 15, Lincoln County, Mont. (Rept. No. 457).

Mr. WALSH of Montana also, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1039. An act establishing additional land offices in the States of Montana, Oregon, South Dakota, Idaho, New Mexico, Colorado, and Nevada (Rept. No. 458);

S. 2259. An act for the relief of Mathie Belsvig (Rept. No. 459); and

H. R. 4752. An act for establishment of the Waterton-Glacier International Peace Park (Rept. No. 460).

Mr. NYE, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 2983) for the relief of homesteaders on the Diminished Colville Indian Reservation, Wash., reported it with an amendment and submitted a report (No. 466) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3371. An act authorizing the Secretary of the Interior to vacate withdrawals of public lands under the reclamation law, with reservation of rights, ways, and easements (Rept. No. 467);

S. 3592. An act confirming the claim of Francis R. Sanchez, and for other purposes (Rept. No. 468);

S. 3639. An act for the inclusion of certain lands in the Coeur d'Alene and St. Joe National Forests, State of Idaho, and for other purposes (Rept. No. 469);

S. 3784. An act to add certain lands to the Idaho National Forest, Idaho (Rept. No. 470);

H. R. 231. An act to grant certain lands to the State of Colorado for the benefit of the Colorado School of Mines (Rept. No. 471); and

H. R. 4390. An act for the relief of Melissa Isabel Fairchild (Rept. No. 472).

Mr. GEORGE, from the Committee on Finance, to which was referred the bill (S. 3886) to authorize the purchase of tobacco from funds heretofore or hereafter appropriated for the Veterans' Administration, reported it without amendment and submitted a report (No. 473) thereon.

#### ENROLLED BILLS PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on the 23d instant that committee presented to the President of the United States the following enrolled bills:

S. 3237. An act to legalize a bridge across the Mississippi River at Grand Rapids, Minn.; and

S. 3322. An act to transfer certain jurisdiction from the War Department in the management of Indian country.

#### EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. SMOOT, from the Committee on Finance, reported favorably the following nominations:

Lawrence A. Merrigan, of New Orleans, La., to be collector of internal revenue for the district of Louisiana, to fill an existing vacancy; and

Surg. Charles L. Williams to be senior surgeon in the Public Health Service, to rank as such from May 23, 1932.

Mr. REED, from the Committee on Finance, reported favorably the nomination of Samuel H. Thompson, of Wilkesburg, Pa., to be collector of customs for customs collection district No. 12, with headquarters at Pittsburgh, Pa. (Reappointment.)

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

Mr. JOHNSON, from the Committee on Commerce, reported favorably the nominations of the following-named officers of the Coast and Geodetic Survey to the positions named:

Junior hydrographic and geodetic engineer (with the relative rank of lieutenant, junior grade, in the Navy):

Robert Alexander Marshall, of Massachusetts, vice H. A. Paton.

Hydrographic and geodetic engineer (with relative rank of lieutenant in the Navy):

Hubert Alexander Paton, of Arkansas, vice G. C. Jones, promoted.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WATERMAN:

A bill (S. 4203) for the relief of William James Waters; to the Committee on Naval Affairs.

A bill (S. 4204) to designate a memorial highway to be known as the George Washington Bicentennial Highway; to the Committee on Post Offices and Post Roads.

By Mr. BLAINE:

A bill (S. 4205) for the relief of Harry A. Rutherford (with an accompanying paper); to the Committee on Military Affairs.

By Mr. BARKLEY:

A bill (S. 4206) granting an increase of pension to Lucinda Stanton; to the Committee on Pensions.

By Mr. PATTERSON:

A bill (S. 4207) granting a pension to Minnie Dean (with accompanying papers); to the Committee on Pensions.

By Mr. VANDENBERG:

A bill (S. 4208) to authorize the President to reorganize the executive departments and administrative branches of the Government, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. WALSH of Massachusetts:

A bill (S. 4209) authorizing the establishment of a sea-plane base on Castle Island, in the city of Boston, Mass.; to the Committee on Military Affairs.

By Mr. SHIPSTEAD:

A bill (S. 4210) for the relief of William E. Crawford; and

A bill (S. 4211) to provide for the commemoration of the Battle of Birch Coulee, in the State of Minnesota; to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 4212) for the relief of John H. Morse; to the Committee on Claims.

A bill (S. 4213) authorizing the President to order Donald O. Miller before a retiring board for a hearing of his case and upon the findings of such board determine whether or



not he be placed on the retired list with the rank and pay held by him at the time of his resignation; to the Committee on Military Affairs.

By Mr. BLAINE:

A joint resolution (S. J. Res. 128) proposing an amendment to the Constitution of the United States repealing the eighteenth amendment relating to prohibition; to the Committee on the Judiciary.

#### ABOLITION OF THE SHIPPING BOARD AND MERCHANT FLEET CORPORATION

Mr. KING. Mr. President, a few days ago I introduced a bill for the purpose of abolishing one of the unnecessary bureaus of the Government—the Bureau of Efficiency. I desire now to introduce a bill to abolish the Shipping Board and Merchant Fleet Corporation, and ask its reference to the appropriate committee.

By Mr. KING:

A bill (S. 4214) to abolish the United States Shipping Board and the United States Shipping Board Merchant Fleet Corporation and to provide for the disposal of their assets and winding up of their affairs; to the Committee on Commerce.

#### POISONOUS VOLATILE SUBSTANCES—AMENDMENT

Mr. BINGHAM submitted an amendment intended to be proposed by him to the bill (S. 3853) to regulate interstate and foreign commerce in poisonous volatile substances intended for household consumption, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

#### TARIFF ON OIL

Mr. HATFIELD. Mr. President, I send to the desk an anonymous letter written and circulated in West Virginia protesting against a tariff or an excise tax on imported oil, which I ask unanimous consent to have printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

MARCH 10, 1932.

You are probably aware that the House Ways and Means Committee released on Saturday, March 5, the revenue bill of 1932, commonly referred to as the "sales tax bill," to balance the Federal Treasury Budget.

This bill is to be referred to the House of Representatives, Washington, D. C., on Thursday, March 10, for debate by the entire membership on the floor of the House.

The bill as submitted provides for a 1 cent per gallon tax on gasoline, fuel oil, gas oil, and crude oil imported into the United States.

Experts of the United States Treasury Department have stated that this import tax will bring no revenues. The inevitable result will be the stoppage of the imports of gasoline, which will result in increased prices of gasoline and oils in the eastern section of this country.

Those in favor of this section of the bill have forced its inclusion in the Ways and Means Committee report by threat of opposition to the sales tax as a whole. As now provided, this tax on imported oils will amount to 90 per cent ad valorem on crude oil, 70 per cent ad valorem on fuel oil, and 25 per cent ad valorem on gasoline.

Republican orators in 1928 promised farm audiences that no tariff would be levied on gasoline or fertilizers. In view of these promises, the proposed tax, which is in reality a tariff, would be fatal to the usual support of farmers in your section.

It is important that you immediately wire your United States Senators and the Congressman from your district impressing upon them that you are opposed to this 1 cent per gallon tax on imported gasoline for the reasons outlined above. It would be well, also, to call their attention to the violation of their 1928 promises.

Your United States Senators are: Hon. HENRY D. HATFIELD and Hon. MATTHEW M. NEELY, Senate Office Building, Washington, D. C.

Your Congressmen from the State of West Virginia are: Hon. CARL G. BACHMANN, Hon. FRANK L. BOWMAN, Hon. ROBERT L. HOGG, Hon. LYNN S. HOBNER, Hon. HUGH IRE SHOTT, and Hon. JOE L. SMITH, House Office Building, Washington, D. C.

Mr. HATFIELD. Mr. President, the importer and those who are interested in foreign markets are always with us. They are always concerned in what Congress does when it comes to protecting home industry, which means the protection of home labor.

We had this experience in the Seventy-first Congress, when the Smoot-Hawley tariff bill was under consideration. We had it in the Customs Court, which has recently held

the flexible feature of this law unconstitutional. We have it in the ports of entry. Indeed, Mr. President, we have it reflected from our universities through the economists.

In no nation, I believe, do we find such a flagrant disregard for the protection of home industry as we experience here in America on account of the attitude of Congress in basing our cost differences upon foreign costs instead of upon the cost price of home production.

The same campaign of the importer is carried on throughout the land, my own State being no exception.

On March 17, 1932, I called the attention of the Senate to a telegram which I asked unanimous consent to have incorporated in the RECORD, which is to be found on page 6330 of the RECORD.

To-day I have asked unanimous consent to have printed in the RECORD an anonymous communication dated March 10, 1932, and circulated in the State of West Virginia, dealing with an excise tariff on oil imports.

The duplicity, cowardice, and treachery of the propaganda against the oil excise tax are revealed again in the newest stratagems. Anonymous letters, with nothing in the letter or on the envelope to indicate the author, are being circulated, urging the recipients to write their Senators and Congressmen to oppose this tax. Since an excise tax on oil would be of positive benefit to all the people of West Virginia, with the sole exception of those who are interested in or employed by companies concerned with the importation of cheap foreign oil, one may assume that these are responsible for this sneaking form of propaganda.

Those anonymous letters are as full of falsities as the usual anonymous letter. Among other glaring misstatements, they misrepresent the excise tax as amounting to 90 per cent ad valorem on crude oil and 70 per cent ad valorem on fuel oil. The utter falsity of this is self-evident.

Similar letters are probably being circulated in other States. Like the thousands of telegrams sent to Members of Congress by the oil-importing companies last week, this is quite evidently merely one more attempt to delude us into the belief that the people are opposed to this measure, when in reality those who understand it enthusiastically support it.

I feel that the Senate, the Congress, and the citizenship throughout the country should be informed as to the actions of those who are interested in seeing to it that certain imports continue to come into this country without interference and without any protection to home industry, this inevitably destroying our home industry.

#### ADDRESS ON GEORGE WASHINGTON BY SENATOR WALSH OF MASSACHUSETTS

Mr. FESS. Mr. President, I ask unanimous consent to insert in the RECORD a very eloquent address delivered by the senior Senator from Massachusetts [Mr. WALSH] at Wakefield and Somerville, Mass., on February 22, which was the official opening of the bicentennial in Massachusetts this year.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

#### WASHINGTON'S TRIALS AND OUR ANXIETIES

This day 200 years ago the man whom all Americans love to call "the Father of his Country" was born. We meet to-night to honor his memory and to inaugurate in Massachusetts commemorative bicentennial observances that are to continue throughout the Nation during this year of 1932.

It is fitting that on such an occasion we should lay aside our thoughts of present-day affairs, our concern about the business depression and taxes, our perplexities over unemployment, our controversies over prohibition, our anxieties about the disarmament conference at Geneva and a raging war in the Far East, and that we should turn back the pages of history and mentally contemplate the conditions in this land in the days of George Washington—the days when this Nation was being formulated.

We were all familiar in school days with the simple history of those early times, yet their circumstances and happenings are apt to be forgotten in the rush of current events. To-day we pause to recall them and weigh their significance.

The scriptures use the expression "think on these things." If we are to maintain the ideals of the founders, it is likewise necessary that we "think on these things." It is for this purpose that anniversaries are observed.

Each generation has its problems. We have ours. Washington and the fathers had theirs. Let us consider briefly some of them and make some comparisons.



When Paul Revere rode through Lexington and Concord, there were less than a million able-bodied freemen in the thirteen Colonies, less than 3,000,000 men, women, and children, white and black, on the entire continent. Most of them were dependent on the toil of their own hands for their bread and shelter. Many winters some of them went hungry. Wood was their only fuel. Medical care was scarce. Schooling was rudimentary and fragmentary. Travel was slow and fraught with hardship and danger. Of recreation, as we know it to-day, there was none.

Yet they were happy and, except for their grievances against the royal governors and the exactions of the mother country, they regarded themselves as contented and prosperous. They did not complain of their lot or grumble about hardships. They were accustomed to gather in their churches and render thanks to their Creator for His many blessings and mercy. They were God-fearing and God-trusting men and women. They found peace and contentment in steadfast reliance upon the Creator.

These men fought the Revolutionary War, when there were no Red Cross nurses, no Salvation Army, no Young Men's Christian Association or Knights of Columbus entertainment huts. They won the war, and founded our Republic, framed a Constitution that in all its essential aspects remains unchanged to this very day. Washington had to guide the army and afterwards the young Republic through intrigue and faction, for Washington labored in no harmonious environment. In addition to eternal strife and discontent among the colonists, he had unceasing struggles with foreign foes on our coast and savage foes on our frontiers.

The early Congresses had numerous debates about State rights, about governmental offices, about raising the meager revenues required by the Central Government—aye, even about the very preservation of the Union. They were not concerned with building post offices and roads and improvement of rivers and harbors, with child labor laws, workingmen's compensation acts, anti-injunction bills, 5-day week plans, and other of our present-day problems. They were not dealing with juvenile delinquency, with narcotics, with tariffs, with woman suffrage, with prohibition enforcement, nor with trusts and monopolies, nor with world courts and leagues of nations.

Times were often hard. Poverty had not been abolished then or since. Banks, such as there were, failed then as now. Droughts came, with fire and other disasters. Yet with all the Nation grew and prospered, population multiplied, and the citizenry of the land for the most part did not grumble over their lot. They had secured for themselves the blessings of liberty; they believed fixedly that they were living under the best government in the world, in the fairest land in the world, with greater opportunities and blessings for their posterity than were to be had elsewhere in the world.

We will do well during these coming months to contemplate the days of George Washington, the stoic courage of the people, their simple joys, and then to contemplate our own circumstances to-day and our abundant blessings. To-day we are a Nation of 120,000,000 people, possessed of the most richly endowed area on the globe. We have abundant homes with material comforts not found in the palaces of kings a century ago. To-day we take for granted our plastered walls, our furnace heat, our gas and electric light, telephone and radio, our automobiles, and our movies.

We have some discontent and disorders in our great cities, some criminal classes in our population, rum runners on our seas, unfaithfulness in places of public trust, but despite these by-products of the present era, the average citizen enjoys a security in his life and property quite unknown to those early pioneers, who slept with muskets by their sides to protect their lives and their loved ones from the Indians and who could never make a sea voyage without risk of attack by pirates.

To-day we have an aggregate national wealth represented by stores of gold, by railroads and factories and buildings, and by deposits of copper and coal and oil beyond the imagination of King Solomon.

We have fine highways from one end of the country to the other; we have schools—free schools for every child. We have more colleges than we can count. We have libraries and hospitals, parks and playgrounds, golf courses and beaches. Medical science has conquered much of the pestilence and disease which ravaged nations a century ago. Doctors and nurses ease our pain when we fall sick. It is well to pause and to consider these things, to appraise our manifest good fortunes, especially at a time like the present, when we are so prone to see only our misfortunes.

Many men and women willing to work are out of work. The unemployment situation is serious. Many business men are in bankruptcy. Many persons have seen their life savings disappear almost overnight in the great fall in the quoted prices of goods and securities, in the failures of companies and of banks.

We grumble over what we regard as the heavy burden of taxation. We worry about the gold standard. We rise in alarm over what we fancy may be the spread of communism and anarchy in our land. We protest war in the Far East. We become heated over political differences. We have admittedly a deep and grave social problem to deal with in prohibition.

I do not wish to seem to minimize these matters. But I submit that all of our present troubles are greatly minimized when set alongside of our blessings; that our present hardships are as nothing when compared with those bravely endured by our forefathers.

One priceless treasure, however, was possessed by George Washington and his compatriots, which we to-day seem for the most

part to have lost. That was the sustaining comfort of belief in the wise guidance and the protecting power of an omnipotent God.

While we have made tremendous gains in a material way, yet any comparison between the present and Washington's period that is not superficial will emphasize the fact that the spiritual values that were a source of strength, inspiration, comfort, and contentment to Washington and his compatriots have largely disappeared. We seem to have disregarded the spiritual forces and influences that led the founders to seek divine guidance in all their private and public undertakings. Their trust and confidence in the justice and wisdom of God is one of the most outstanding and pronounced facts in their history.

Has not the absence of the staple influence of the religious teachings and discipline of the earlier days of the Republic thrown present-day society violently out of balance in those primary essentials to real and permanent contentment and progress? Observe the absence of the religious influences so pronounced in the days of Washington in three major activities of our society, namely, in the education of the youth, in our economic life, and in the probity essential to the wise administration of government, municipal, State, and Federal.

Compare the home and religious training of the youths of Washington's day and to-day. Now millions grow up in crowded centers apart from religious contacts. An appalling number of our future citizens are receiving an education and training for life unnurtured by spiritual influences and indifferent to the restraints of divine law.

The absence of this influence has become marked in every avenue of life. It is noticeably absent in modern commerce and economics. We have substituted for individual responsibility and ethics, in the commercial and industrial field, an economic creature known as a corporation. A corporation is a "persona artificialis" created by the state to facilitate and speed up the large and extensive projects of commerce. By its very nature and creation the corporation removes responsibility from the individual and places it upon a third artificial entity which is not endowed with morality or spiritual guidance. Its limitations are set only by civil law and human statute. Its abuse has brought to society many of its present ills and troubles because it has eliminated that concept of justice and charity which is the basis of all religious teachings.

We can not deny that material and mechanical benefits have accrued to society by the gigantic efforts of corporations in developing our natural resources and increasing tremendously the volume of wealth and mechanical ease and comforts of family life; nevertheless the loose system of creating unlimited securities in the form of stocks and bonds and the distribution of such paper on an innocent, frequently unprotected citizenship, is indefensible and is the result of the substitution of greed, gain, and materialism for the divine precept, "Thou shalt not steal."

The soulless character of these state-created substitutes for individual effort and responsibility has led to a growing protest among the masses of working people against economic conditions that deprive them of a sufficient income from their labors "to support themselves, their wives, and children in reasonable and frugal comfort," and to lay aside sufficient reserve to protect them from the horrors of poverty in the declining years.

As a result of the absence of supernatural influences in modern economics, society has been rocked again and again by explosive combats that have at times threatened not only to lessen faith in government but also to create intensive class rivalries, disproportionate distribution of wealth, poverty and economic distress in reoccurring cycles—indeed, apprehensive as to the possible survival of democracy and capitalism. The economic order of our day has tended to make society into a mechanical thing instead of an ethical and morally responsible thing. This is, indeed, a stupendous departure from the ideals of the men of Washington's era.

The lesson that must impress itself upon us, as we reflect upon the past and the present, is that there will be no lasting solution or permanent reconstruction of our economic life unless it is inspired by the divinely taught principles of justice, equality, and charity that guided Washington and the other patriots of his epoch. The economic crisis of the present hour is unmistakable evidence that if we rebuild on the sands of greed and selfishness we shall rebuild in vain.

May we not in this year of nation-wide celebration in honor of the great Washington come to realize the necessity of restoring to America the powerful influence for peace, progress, and security that the spiritual forces alone can provide. In no better way can we honor the memory of Washington. In no more lasting manner can we assure the preservation of the inheritances of liberty and the blessings of free government that have come down to us from Washington.

There are many characteristics of Washington we would do well to imitate. His fortitude, his courage, his heroism; his willingness to sacrifice self and to forego pecuniary rewards; his breadth of vision that lifted him above all pettiness and partisanship into the clear realm of a true patriotism; yet most important of all, if the Republic is to be preserved, we must do what he did—commit our citizenship and public service to Divine Providence.

Seldom did George Washington pen a document or render a public speech until he had committed himself and his cause to Divine Providence. Upon that eternal, impregnable support he based his life, his career, his cause. In a word, his life was compassed with the divine. Through the record of his years of



worship and service as a communicant and vestryman of the little Virginia church may be traced that inner stream of the spirit which emerged in that mighty flood of deeds of devotion and sacrifice. His life was a constant witness to God, and his character was molded to the principles of his religious training. Because of this he did not hesitate to emphasize in his immortal Farewell Address the importance of religion as a support to government and an essential to good citizenship.

To the end of our national existence and to the end of international civilization Washington's fame will endure and his name will be held in veneration. This Nation owes him a debt of gratitude which it never can fully discharge. The youth of to-day and the men of to-morrow may inbreathe inspiration from his living memory. Rulers and public servants of this and every land may well emulate his public virtues and lofty concept of the public trust. All who believe that true democracy can run its course only by following divine guidance may rejoice with grateful hearts for the life of George Washington.

RADIO ADDRESS BY SENATOR BROOKHART ON THE PROGRESSIVE PROGRAM IN CONGRESS

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by the senior Senator from Iowa [Mr. BROOKHART] in Chicago on The Progressive Program in Congress on March 19, 1932.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The death of Theodore Roosevelt changed the whole course of American history. After that untimely event, the Government in all its branches literally fell into the arms of "big business." This surrender began during the last days of President Wilson's administration and during his illness. If Roosevelt had lived he certainly would have been President again. Then the sordid story of Harding, Fall, Daugherty, of Mellon, and Eugene Meyer would never have been written. The elder La Follette stood stoutly against this financial rule, and his giant efforts live to-day in the revival of the progressive cause.

This may be properly designated as the era of "business in government." It was "business" that put the jokers in the Federal reserve act and drove the surplus credit of the country to New York for promotion and speculation. It was "big business" that lowered the interest rate to itself for speculation and long-time bond issues and raised it on agriculture and every other little business. It was "big business" that seized control of the War Finance Corporation and the Federal land bank, the intermediate credit bank, and, finally, the Federal Farm Board itself for the destruction of the family farm home and the promotion of the corporation farm.

It was "big financial business" that promoted and sponsored the transportation act, pumped \$7,000,000,000 of water into the valuation of the railroads, raised agricultural rates 60 per cent together with what had gone before, and dipped a cash subsidy of \$529,000,000 from the Treasury of the United States.

It was "business in government" that built ships with public funds and at enormous cost and then sold them to itself for a song.

It was "big business" that planned in secret to force a general deflation in May, 1920, postponed it, and further inflated so it could secure ample credit for its own protection, let it fall in October, and, according to the Manufacturers' Record, deflated agriculture in the whole sum of \$32,000,000,000 and little business by eighteen billions more, while it itself rode through triumphant upon the credit savings of the people. It was "big business" that organized the chain-store system. It was "big business" that demanded a branch banking system; that sent its bank examiners out to deny loans to farmers; closed 6,000 banks because they had frozen agriculture paper, although for 55 years that paper was the best the bank could get; advised investment in long-time bonds, and until recently closed banks because the bonds had depreciated. It was "big business" that passed our tariff laws and sacrificed our foreign markets on the altar of greed. It was "big business" that organized the Power Trust, seized the great power resources of our country, and more than doubled the price of electricity to our people. It was "big business" that took its surpluses, accumulated under tariff protection, went abroad, and built factories to break down American laborers and farmers with the cheaper labor of foreign lands.

It was "big business," gone mad with power and the lust for profits, that inflated all stocks and bonds and kited their values 400 or 500 per cent into the sky. Then, in spite of all the wisdom of high finance, the bubble burst. Still, "big business" laughed for a time, declared more dividends than ever, marshaled its economic armies, and finally stopped the panic at a value level still 200 per cent up in the air.

Agriculture lay prostrate where it had been since 1920. More than a million and a half farmers had lost their homes or their life savings. Six million workers were discharged to protect profits of "big business." Normal business ceased to function. "Big business" still looked on with contempt and in scorn. When we get ready we will cure it all with another stock boom and let our big banks crawl out. We want the little ones destroyed, but we must save the big ones so they can put out branches in place of the little ones.

They first planned a consolidation of the big eastern railroads as a basis of a big stock boom. This met Senator COUZENS and blew up. Stocks went still lower. Then came the moratorium of

foreign debts. For a few days the boom prevailed, but too many knew these stocks and bonds were still inflated enormously and began unloading, and again the boom collapsed. The next is the 15 per cent freight-rate advances, but that has gone stalemate, and the Reconstruction Finance Corporation likewise. Now the big financial crowd stands appalled at the wreck and ruin it has wrought and trembles for its own financial safety. They must have a scapegoat, so they point back 13 years to the war and then sigh it was all inevitable because of the war. They think the people will forget that we were a debtor nation when the war began and soon paid over \$5,000,000,000 with war profits. They also want us to forget that directly and indirectly from war profits we have loaned other people about twenty-four billions more, and there was no default on these until we had been a year and a half in this depression. No; the war did not cause it. It is the culmination of "business in government." It is the most colossal failure in human history.

"Big business" has garnered extortionate profits, but it has ruined the general prosperity of the country. The duty of civilization is to provide employment for everyone, so he can earn food, clothing, shelter, and education for his family. "Big business in government" has failed in these great purposes. In spite of its manipulation of both great political parties and of the sinister philosophy of party regularity, it has failed. Since business has failed to perform these fundamental obligations to the people, it is necessary that the Government step in and perform these duties. There is no other choice, and this is the great issue before the next session of Congress.

The question then arises, Has the Government a better chance of success than the eternal gamble of "big business"? History so declares. All admit that the best thing in our civilization is the public-school system operated by the government of the States and by the Government of the United States in the District of Columbia, the Canal Zone, and the Territories.

The next item in importance is our public-road system, operated by the States and the Federal Government jointly. There is one little blot, and that is private business in toll bridges, which must certainly be removed.

Next in importance is the post-office system, more efficient than any private business of its magnitude in the world. Yes; it operates at a deficit, because it furnishes a magnificent service at the lowest rates in history. The deficit is paid mainly by a tax upon the big profiteers, who have ruined the country, and is therefore an added advantage to all the people.

Next comes the great Panama Canal. There is no more successful and efficient enterprise in this world to-day. The Government has its power plants furnishing current at about one-third the cost of private business. There are great machine shops and dry docks for service to the ships of the whole world, Government farms, hotels and restaurants, cold-storage plants, and great stores or commissaries with a vast business, low prices, and large profit. Even the penitentiary is self-sustaining, perhaps the only one in the world.

With a record like this in what the Government has already done, the question will be presented as to what the Government can do in Congress for the revival of prosperity to the whole people. In September I said unless Congress is called in extra session at an early date there will be little chance for any substantial accomplishment. The national conventions will be coming on, and every proposition will take a political color and be considered more for its political effect than for its genuine merits. Of course, I do not believe that these great questions can all be solved in any one session of Congress. "Big business" itself is demanding a revolutionary reorganization, but something substantial could have been accomplished if Congress had been convened in October.

Two problems that demand immediate attention and lay the foundation for restoring prosperity are:

- First. The agricultural problem; and
- Second. The problem of unemployment.

There are two immediate phases of the agricultural problem:

- First. The handling of the exportable surplus; and
- Second. The marketing of the home demand.

At present agriculture is forced to sell its surplus in the domestic market. That floods the market, breaks down its tariff protection, the surplus goes over into the free-trade markets of the world, is sold in competition with all the world, the price fixed by that sale, cabled back to the exchanges in the United States, and then the whole price in the home market fixed by the sale of this surplus in these free-trade markets of the world.

Agriculture is the only American business in this situation. Every other business that has an exportable surplus is financed and removed, separates and segregates its surplus from the domestic market. It is then sent abroad and sold to the best advantage in the best market that can be found. The same system must be provided for agriculture. This can be done by increasing the revolving fund to the Farm Board \$1,000,000,000 or more, and then giving it authority to pay losses, if any are finally sustained in disposing of the surplus in foreign markets, either by a debenture from the United States Treasury or an equalization fee tax upon the farmers themselves. This is exactly what "big business" is doing with its surpluses now. It is even using the deposits of the farmers themselves in the banking systems of the country for this purpose, while the funds allowed to the Farm Board are wholly inadequate to accomplish the same purpose for the farmers themselves. There must be no trifling with this surplus. It must all be removed from the domestic market, and if this is done at a price up to the top of the tariff rates above the world market the price of the farmers' whole product will rise



to the same level and to a cost of production level with an embargo to protect.

On an average there is only about 10 per cent of farm products that are exportable. It is about 50 per cent of cotton, 20 per cent of wheat, but less than 1 per cent of corn, and also oats, and on an average less than 10 per cent in a series of years. This is a small portion of the production to control the price fixing, but nevertheless that is what it is doing at the present time and has been doing these many years. With such a small proportion for export, farmers can well afford to pay the loss upon the surplus if they can get a cost-of-production price and cooperative profit upon the 90 per cent which is used at home. This is not like rubber and coffee, which were wholly export propositions and must find foreign markets. Only 10 per cent of ours is foreign, and the balance we can control at home as we did during and after the war.

If this were done for agriculture, it would, in turn, start many wheels of industry, and thus meet part of the question of unemployment. Agriculture was stricken down in 1920. It has stayed down ever since. It represents more than one-third of the buying power of the American people. It can not be stricken down and its credit destroyed, as has been done for the last 11 years, without bringing unemployment and general depression. Therefore agriculture is basic in this situation and should receive the first attention from the Government of the United States. I do not think this would correct all of the unemployment, and I think it would require at least \$3,000,000,000 more to start public works and provide jobs for the rest of the seven or eight million who are now unable to get them.

Nobody believes in the dole. In the language of another:

"It is twice cursed—it hardens him that gives, and softens him that takes. It does more harm to the poor than exploitation, because it makes them willing to be exploited. It breeds slavishness, which is moral suicide."

What men want is not charity but a fair chance to earn their own living. However, we have found many men, women, and children hungry this winter. They must be fed. The Treasury of the United States must not be exempt. It is constantly replenished by taxes upon the extortionate profits of the great capitalists, who discharge their men to protect these same profits. Our civilization and our Government owe these men these jobs. They have failed in their duty; therefore the starving must be fed for emergency relief, regardless of offensive names or processes.

There is a special situation as to the unemployed of the World War, of whom there are more than 750,000. We have by law admitted a debt to them in the form of adjusted compensation and postponed the payment of it to 1945. This debt should be paid now, and they should not be sent out with their tin cups begging of the Red Cross or any other charitable institution.

If these temporary things had been done in an early session, we might have some time to consider a permanent reorganization and remedy. Since 1922 and up to the depression, our national income was about \$90,000,000,000 a year. This means \$750 for each man, woman, and child in the United States, and about \$3,750 for each family of five. This was enough income so that we need have no depression in the price of farm values, no seven or eight million workers unemployed if this income had been properly distributed. We have produced enough in the United States. We have a surplus of everything, while men are starving and homeless. Our whole trouble is in distribution. We spent about seventy-four or seventy-five billions of this for living expenses, operating expenses of industries, taxes, and waste of competition. This still leaves fifteen or sixteen billion dollars each year as a net national income, and that represents the wealth increase of our country. If all of this wealth increase had been distributed to capital in such distribution, the return of capital would have been less than 4 per cent, and that is all there is in this American pool of production as it is now operated. This 4 per cent is all that we have to distribute over and above our living, such as it is. But we do not distribute it upon any such theory. We organize these economic armies, these great corporations, these great combinations, and they go out fighting for 10 per cent, 40 per cent, 100 per cent, inflate their stock and bond values, and distribute the wealth of the country in gamblers' markets. This constant system of economic warfare has plunged our country into eight major depressions in the last 50 years, with seven little ones thrown in for good measure. We have spent half our time for 50 years in getting in or getting out of depression. Heretofore, agriculture came out first, because land values were advancing. This time agriculture went down in 1920 and has stayed down because land values are still declining. Other business revived in 1922 and then went into the great inflation boom of 1929, but agriculture stayed down through it all. It has had no power to help other business in this depression and will have none until its buying power is restored.

Therefore as a permanent remedy, our business system must be reorganized, even revolutionized so we will distribute our earnings upon the basis of this 4 per cent production. If that were done and the waste of competition eliminated, then the distribution might be raised to about 6 per cent. If that were distributed properly to all the people, depressions would end in the United States and this past 50 years of tragic history would never be repeated.

In order to effect this distribution, Federal taxation of excess profits is necessary. A part of the funds could be raised by the issuance of legal tender Treasury notes without interest, but there is a limit to this sort of financing. Since 1920 there has been a very material reduction per capita of our circulating money. This

is one of the strong contributing causes of the depression and in a large part accounts for the low price level of all commodities. It is the most oppressive element upon the people who owe debts in the whole situation. Perhaps two or three billion dollars of legal-tender money without taxes upon anybody could be issued for farm relief, soldiers' bonus, and public enterprises before anything like justice would be restored between debtor and creditor. This would also help restore land values and other commodity values, which everybody now concedes to be desirable. The balance of the funds necessary should be raised by graduating corporation taxes, raising the higher brackets of incomes, and heavily increasing the estate and gift taxes and abolishing the 80 per cent refund to the States.

A sales tax has also been suggested. For the most part this is a tax directly upon the people, who are not able to pay it. The only sales tax ever suggested that meets the approval of progressive thought was suggested by Senator GLASS. He proposed a 5 per cent tax on all resales on stock exchanges within 60 days from date of purchase. This tax would produce a large revenue from a source that ought to pay it and at the same time be a better regulation of stock gambling than other plans suggested. All of these taxes which I have herein approved would make for the redistribution of wealth to the people who by their labor have actually produced it.

We were told that congressional agitation was prolonging this depression, that prosperity was just around the corner, and with the adjournment of Congress we would catch up with it at once. Congress adjourned, and the depression has grown deeper every day, until now the whole country is crying to Congress. Is Congress answering the call? No; under a bipartisan dictatorship of the eastern financial machine the West and the South are forgotten. Even many of their own Representatives worship at the shrine of this economic god. They pass a \$2,000,000,000 reconstruction bill, mainly for the relief of speculators in stocks and bonds, and grudgingly allow only two hundred million for closed banks in the West and South, which need three times as much. They defeated the only substantial relief for the unemployed. Now, turning to the Treasury deficit, they propose to balance the Budget by a sales tax upon the poor, while the big incomes escape taxation by subtracting their stock-gambling losses. It is with especial delight that I note the defeat of this scheme so far under the fearless, progressive leadership of LA GUARDIA, of New York, and SWING, of California. The most sinister development in this bipartisan leadership is the evident design to defeat all substantial relief for agriculture or unemployment. This bipartisan combination is now filibustering trivial items in appropriation bills, recommitting them, killing time, and running the session into the conventions, when it can adjourn without accomplishment. If the farmers, the laborers, the soldiers, and the independent business men of the West and the South, yes, and of the East, too, are listening in upon this address, let this be a call to action. Demand of your Congressman and your Senator that they give you a legislative set-up that will pay a cost-of-production price to the farmers, public works that will give unemployed labor a job, a deflated dollar that is honest between debtor and creditor, a reduction of Government expenses by reducing war profits in peace time, pay the soldiers their adjusted compensation, and levy the taxes upon the big incomes, big estates, and speculative business to pay the bill. This will redistribute some of the amassed wealth of the country and build a solid foundation for prosperity, and not a stock-watering inflation for speculation. It should now be apparent to all that prosperity can not return until the buying power of the farmers, the laborers, and the soldiers is restored. That can all be done at the present session of Congress, but it will not be done unless these great masses arise and demand it in terms that can not be denied.

#### ATLAS OF WASHINGTON'S TRAVELS

Mr. FESS. Mr. President, among other things that the Bicentennial Commission has authorized to be printed is an atlas that depicts the travels of General Washington, and also shows many of his most important surveys.

This work was referred to a subcommittee of the Bicentennial Commission, of which the distinguished Member from Maryland [Mr. TYDINGS] was the chairman. The atlas has come from the printer. I know that every Senator will be very much interested in its examination. It contains 25 different plates that are reprints of maps that were made by General Washington in his graphic drawing. It also contains quite a number of battle maps. It also contains his drawings illustrative of his surveyings of the lands that he himself surveyed, the ones that he owned. It is a very unusual work.

I am making this announcement for the benefit of the Senators. I think a copy will be sent to each Member of the Senate and each Member of the House.

#### AMENDMENT OF TARIFF ACT OF 1930

The Senate resumed the consideration of the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes.

Mr. HULL. Mr. President, a stranger dropping into these galleries to-day and listening to the impassioned address



of the distinguished Senator from Utah [Mr. Smoot] would have wondered whether our present-day tariffs are primarily intended to protect the helplessness of infancy or the decrepitude of old age. One would ordinarily imagine that some reference would be made to the infancy of industries in connection with tariff discussions.

I recall that Alexander Hamilton prescribed a tariff level of 8½ per cent in this country, and stated that when an industry had had full and ample time and opportunity in which to grow and develop, and failed to do so, it should be abandoned as not economically justified.

After the War of 1812 I think the tariff level was jumped up to about 20 per cent. The act of 1828 raised it 30 to 45 per cent, on the average. The Walker tariff was about 30 per cent, on the average. The tariff of 1857 was 24 per cent. The Civil War tariff was 48 per cent, on the average. The McKinley tariff was 50 per cent. The Dingley tariff was 52 per cent. Finally, so many articles, not all competitive, were placed on the dutiable list with small rates as to lower somewhat the average ad valorem during subsequent years. Under the Smoot Act the average rate on dutiable imports for the last calendar year was 50.9 per cent. Probably 80 per cent of the dutiable imports to this country bear an average ad valorem rate under this act of 60 to 65 per cent.

From listening to the Senators who have spoken with great concern about a few pairs of shoes or some other commodity or article getting into this country from abroad, one would easily conclude that the supreme problem in this country to-day pertains to stopping whatever cracks and crevices may be found in our present Smoot-Hawley tariff law, in order to prevent any sporadic item or any novelty or specialty or other product in some way indirectly or remotely or speculatively competitive from getting into this country, and, perhaps, bringing about the insolvency of some "struggling industry" 125 years old.

Mr. President, there are other conditions and problems in this country, in my opinion, of far greater magnitude and urgency than these little minor and insignificant phases of our present tariff situation which are being given such serious and particular emphasis by Senators on the other side. I realize, however, that we are approaching a quadrennial election in this Nation, and that bids will be thrown out here and there for campaign contributions. Some of our industries will be persuaded that they are in danger—not in imminent danger, but in possible future danger—of some kind of competition from somewhere, and, therefore, that they ought to get in here and secure tariff recognition on the eve of this election, which, like all others, of course, must be financed.

Mr. President, it seems to me that this great body would do well to devote more of its time and thought and attention to the real conditions and problems that confront this country, rather than to duck and dodge and run away from them, and devote hours and days here, as I said, to hair-splitting distinctions about rates of tariff that might perchance permit some nondescript items of imports to filter into this country, and devise ways and means, if possible, to bar them out.

The present panic, unprecedented in its depth and intensity, owes its origin to deep-seated and fundamental causes. The Federal administration, its supporters and advisers, however, have not thus far proposed any program of basic remedies for these basic causes. They frankly avow their purpose, on the contrary, to confine any panic cures to purely local, superficial, or temporary treatment in the way of palliatives or soporifics or first aid. For these, let them have even more than their share of credit.

This is what I would direct attention to, while it gets away from the minor and insignificant items of tariff importations. These awful conditions of business depression, however, have been permitted to run virtually two years without any adequate plan even to administer this first-aid treatment.

The distinguished Senator from Indiana, I think, agreed a while ago that he had not gaged or measured the scope

and extent and depth of the panic until it had been raging in this country, and spread throughout the world, for some eight months. That was significant that Senators with great ability and wide intelligence were not able to identify the nature of this deep-seated panic until it had scattered wreck and ruin among hundreds of millions of people here and elsewhere for eight months. I submit, Mr. President, that it is high time that we were brushing aside some of these minor tariff inconsequentialities and giving our real thought and effort to a more thorough analysis of present financial and industrial and general economic conditions and remedies for them.

I am wondering how long the American people will be content to undergo the incalculable losses and injuries of the existing panic situation and permit, without any complaint, the Federal administration, while dodging responsibility for a permanent cure, to trifle and dally with purely minor and temporary phases of it.

It is really amazing that the blind and shortsighted course of the Government in thus dealing with mere symptoms, pursued so smugly and complacently, has not before now met with sweeping and indignant challenge by the best thought of all political parties, of the press, and of every other informed and unselfish group of persons, with vision, courage, and constructive capacity. I warn governmental and political leaders that there is a limit to human patience, distress, and panic privations, and that unless these leaders bestir themselves and cease to trifle with the real and fundamental phases of the depression situation the millions of unemployed, the tens of millions of agricultural population, and most of the American public, all the victims of unsound economic policies and incompetent business leadership, will peacefully assemble in their respective localities and demand that so-called leaders assign some reason for their complete failure and unwillingness or incapacity thus far to offer the semblance of a program that would cure, not the mere symptoms alone but the fundamental causes of the depression and so avoid periodical recurrence of a similar panic.

The Hoover administration is clinging blindly to a list of temporary emergency relief measures and also to the most extreme phases of economic nationalism or isolation, as its sole economic policy at the present critical stage. It seems utterly blind to the patent truth that the former, at most, can only bring about very partial, unbalanced, and temporary prosperity in this country alone, leaving the balance of the world in its present prostrate condition, while the administration's wild pursuit of the mad policy of economic nationalism will, instead of really curing, seriously aggravate both domestic and world business conditions. Of what avail would be the limited, lopsided, and temporary period of prosperity in this country alone if the basic domestic and world causes of the panic are to remain undisturbed and intact with the inevitable and certain result that we might, at any time in the future, be visited by another equally destructive depression?

It is my unalterable opinion that the practice of the half-insane policy of economic isolation during the past 10 years by America and the world under American leadership is the largest single underlying cause of the present American and world panic, and that a gradual or material reversal and modification of this policy, so suicidal especially to a great creditor and surplus-producing country, is an indispensable prerequisite if this and the other nations are to be restored to full, sound, and well-balanced prosperity which will not be limited nor lopsided nor, what is most important, subject periodically to recurring panics.

This absurd attempt of every nation to live unto itself and aloof from others has resulted in a breakdown of international confidence, credit, finance, exchange, and trade, and is gradually pushing the world into bankruptcy. Exports of goods the world over have diminished by nearly one-half, unemployment is running into the tens of millions, business is prostrate, and agriculture is utterly impoverished. To what extent are we going to give attention to these real problems? To what extent are we going to



abandon them and run away from them and join the distinguished Senator from Utah and a few others here in discussing these flyspecks, which we can only discover with a microscope on the insurmountable walls of the Smoot-Hawley tariff law? To what extent must these unthinkable conditions of distress and loss become still more aggravated before the intelligent thought of the Nation will assert itself and demand the application of modernized economic policies to our whole transformed industrial and commercial conditions, in lieu of the utterly obsolete policy of super-protection and its accompanying trade barriers which have become an economic blight and scourge here and everywhere? Can not every person plainly see the 10-year results of existing economic policies—that the American people, with the exception of a small group, that always uses the Government to get rich, notwithstanding these years of unbounded opportunity for human progress, are worse off in every important respect than in 1920?

Yet no remedy is offered except to put the whole machinery of this great Government to work for an indefinite time to see whether Bill Jones is not suffering on account of the importation of a pair of shoes from some other part of the world or find a way to block that pair of shoes from coming in in the future.

The mad pursuit of economic nationalism or aloofness or seclusion—every nation striving to live unto itself—has proved utterly empty and disastrous. This attractive theory contemplates that each country shall surround itself by high and ever higher tariff walls, with an accompanying network of restrictions, reprisals, embargoes, and retaliations, and with the very minimum of economic contacts with others. Every nation is expected to produce all articles or commodities it needs, that may be humanly possible, regardless of costs. Each nation would sell, but none would buy, and each would feverishly get ready for the next war by thus making itself completely self-contained. High wages and high living standards to labor in each of the 95 countries of the world, under this theory, have become a mere matter of legislative enactment.

Under the benign effects of this plan of high protection and other trade barriers it would be a close question as to whether agriculture or industry would grow rich more rapidly. Each nation would either pay its debts in gold instead of goods or secure their cancellation. Each country also would practically consume what is produced. Since most countries, with their productive capacities thus highly stimulated artificially, proceeded, during past years, to produce in numerous lines more than each could consume at home, each has undertaken to utilize bounties, rebates, drawbacks, subventions, and most every other kind of device to force exports of surpluses on other countries. Each country thus glutted with surpluses is also practicing the most obnoxious phases of paternalism by government devices for purposes of valorization, pooling, pegging prices, restricting output, and similar methods, all of which thus far have broken down and reacted disastrously upon the producer.

The following article, written 50 years ago by a great economist and teacher, Prof. William G. Sumner, aptly describes the present-day spirit of paternalism, plunder, and loot:

The Government is to give every man a pension and every man an office and every man a tax to raise the price of his product, and to clean out every man's creek for him, and to buy all his unsalable property, and to provide him with plenty of currency to pay his debts, and to educate his children, and to give him the use of a library and a park and a museum and a gallery of pictures. On every side the doors of waste and extravagance stand open, and spend, squander, plunder, and grab are the watchwords. . . . Who pays for it all? The system of plundering each other soon destroys all that it deals with. It produces nothing. Wealth comes only from production, and all that the wrangling grabbers, loafers, and jobbers get to deal with comes from somebody's toil and sacrifice. Who, then, is he who provides it all? Go and find him, and you will have once more before you the forgotten man. You will find him hard at work, because he has a great many to support. Nature has done a great deal for him in giving him a fertile soil and an excellent climate, and he wonders why it is that, after all, his scale of comfort is so moderate. He has to get out of the soil enough to pay all his taxes, and that means the cost of all the jobs and the fund for all the plunder. The forgotten man is delving away in patient industry, supporting his fam-

ily, paying his taxes, casting his vote, supporting the church and the school, reading his newspaper, and cheering for the politician of his admiration, but he is the only one for whom there is no provision in the great scramble and the big divide.

Can all the people of all the nations of the earth be fooled all the time? How much longer will the Hoover administration be permitted by the American people to rely alone upon its present list of emergency panic measures, and how soon will a peremptory demand be made upon all political parties to offer a definite program dealing with the fundamentals of the panic situation? The Federal administration contends with pretended seriousness, as stated, that our country is sufficiently equipped to be able by itself to bring about a satisfactory state of prosperity; that by boot-strap methods it can lift itself up to a satisfactory business level.

The minds of the President and his advisers seem to have undergone an evolution as to the causes of the panic. For several months following the stock-market collapse the President was sanguine that it was no more than a stock-market flurry, due to excessive and uncontrolled speculation in securities. He was sure that underlying conditions were sound. The idea of world causes at this stage did not occur to him. The panic was only a temporary and isolated affair.

A new and different impression, however, seemed to become conclusive and clear in the mind of the President during the late summer of 1930. Prior to this stage, and on January 21, for example, the President announced that employment had turned upward. On January 28 he expressed his pleasure at the upturn. On March 7 he declared that 36 States were now normal. On May 1 he said that the worst of the depression was over.

In his address to the American Bankers Association, October 2, 1930, the President declared that—

This depression is world-wide. Its causes and effects lie only partly in the United States.

The President also found that—

A perhaps even larger immediate cause of our depression has been the collapse of prices following overproduction of important raw materials, mostly in foreign countries.

He named rubber, copper, wheat, sugar, cotton, zinc, and silver, among others. In his message of December 2, 1930, the President reiterating, said that—

In the larger view the major forces of the depression now lie outside the United States.

The idea seemed to be that the collapse of world commodity prices had reduced the buying power of many countries, resulting in the slowing down of demand for manufactured goods from ourselves and Europe, with inevitable unemployment. The President was rather pointed in this reference when he spoke to the American Bankers Association in October, 1930.

It is interesting to observe that while changing his view to the effect that "the major forces of the depression now lie outside of the United States," the President at the same time took pains to indicate that this very international situation to which he referred did not require international treatment from the standpoint of American recovery from the panic. He said at Cleveland that—

Because the depression is world-wide and because its causes were world-wide, does not require that we should wait upon the recovery of the rest of the world. We can make a very large degree of recovery independently of what may happen elsewhere.

The theory of the President was that "we are so remarkably self-contained" as to be able thus to recover. The President seemed to think at this stage that—

Our recuperation has been retarded by the unwarranted degree of fear and apprehension created by these outside forces.

He referred to overproduction of basic commodities, followed by price falls, declining buying power abroad, and declining demand, and to the general collapse of the world economic situation.

The President and his advisers are wholly unable to see any necessity for the constructive treatment of the fundamental causes of the panic—both domestic and world—either from a standpoint of soundly curing the panic, or of



preventing its recurrence by removing its basic causes. And yet President Hoover, in 1928, said:

To insure continuous employment and maintain our wages, we must find a profitable market for our surpluses. \* \* \* The great war brought into bold relief the utter dependence of nations upon foreign trade.

And yet, Mr. President, from the remarks of distinguished Senators on the other side of the aisle we would have thought the supreme paramount problem is about a few thousand dollars of scattered, sporadic imports, instead of this nation-wide and world-wide condition that has swept hundreds and millions of people into the vortex of bankruptcy and insolvency.

The President in his Brazil speech, following his election, said:

International trade is the lifeblood of civilization.

And I concur in what he said. The history of the human race shows that the really great countries and cities which have been built up have been trading countries and trading cities. They levied tribute upon the culture and the learning, and the best habits and customs and manners of all the peoples of every part of the world. Under this modernized postwar theory of economic isolation some would have this great and powerful Nation, with unprecedented equipment and resources of every kind, abrogate its opportunity to go out and develop its finances and commerce in all parts of the world, to abrogate in favor of some second or third or fourth rate nation simply because some 125-year-old American industry, probably with an obsolete plant and with some trifling son-in-law as general manager, comes goose-stepping into the Capitol every so often and reports that \$15.25 worth of foreign products have filtered in, or are about to filter in, on him.

William McKinley, in his Buffalo speech, said:

The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. \* \* \* Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not.

The Federal administration lightly ignores a long list of vital facts fixing the place of the United States in the world economic situation. In the first place, we are, as stated, the greatest creditor and surplus-producing nation on the planet. We have \$28,000,000,000 loaned abroad, but the administration supporters would say that this does not suggest any international coordination, collaboration, or cooperation. We have a vast amount of idle gold, but the administration seems to imagine that one or two countries may gobble up most of the gold of the world, store it in a cellar, and be under no obligations to cooperate in the world administration of the gold standard or in stabilizing monetary conditions. The world market fixes the price of our entire domestic output of cotton, hog products, wheat, and many other commodities on an exporting basis, and these commodities are sufficiently numerous in turn to fix measurably the entire wholesale commodity price level here at home; and yet the blind isolationist is unable to detect any interdependence of this and other nations economically.

The patent fact that from the standpoint of our own enlightened self-interest there must be some conference and cooperation to restore the international exchange, credit, and trade situation which, under the effects of every sort of artificial and arbitrary barrier, is in a state of virtual collapse, is complacently ignored by the Hoover administration. The fact that international trade was never so completely choked and strangled by insurmountable tariff walls and almost every other similar imaginable restriction does not remotely suggest to the Hoover mind that the further obstruction and destruction of trade by these arbitrary methods shall stop and that some international conference and understanding is necessary for the practical accomplishment of this end. The fact is ignored that all governments, including our own, have plunged headlong into excessive expenditures, taxation, and debt, and that the most ruthless economy and retrenchment everywhere is an indispensable factor in permanent business recovery, and, of

course, concerted governmental action becomes all important.

Naturally, every American citizen and official, regardless of differing political and economic views, are equally anxious to see even temporary, uncertain, and limited conditions of prosperity and to cooperate to the utmost for the accomplishment of this initial step or slight beginning.

It is an outrage upon the great, credulous, and suffering people, however, for the spokesmen of that relatively small but powerful group comprising the chief beneficiaries of tariffs and other special privileges, to preach the brazen economic falsehood that America has not the least concern about the fact that the panic, regardless of how and where it commenced, is now a hopelessly involved and world-related affair, but blatantly proclaim our ability alone to deal adequately with it. Many crushing and overwhelming economic facts and conditions which have been pointed out are contemptuously ignored by these spokesmen, such as the fact that the fall of prices is world-wide; that the stoppage of trade is world-wide; the decline of production is world-wide; the difficulties of both public and private debtors are world-wide; the troubles of creditors are world-wide; unemployment is world-wide; every sort of restriction on trade is world-wide; the breakdown of the processes of exchange and distribution is world-wide. And yet the narrow, blind, selfish, and all-powerful group, comprising the chief tariff and special privilege beneficiaries, which at present have a strangle hold on the Federal Government, hypocritically require their spokesmen to say to the suffering American people that the remedy so far as America is concerned lies chiefly within the power of our people and government alone. Numerous Democrats, I regret to say, have been caught up by these sinister forces, with the result that they are deaf, dumb, and blind when it comes to proposing fundamental remedies for existing fundamental panic causes. I have almost reached the painful conclusion that the President is intimidated by these powerful and insolent forces. This seems possible, in the light of the President's detached utterances on numerous occasions, including those I have already cited.

The President spoke to the International Chamber of Commerce on May 4. I am citing these utterances in order, if possible, to convince somebody in this country that the sound permanent prosperity of America requires not only our impregnable home market but an expanding and prosperous foreign market for the surpluses which many of our greatest industries annually produce. Speaking to the International Chamber of Commerce on May 4, the President said:

It is needless for me to emphasize the high degree of economic interdependence of the world—we require no more emphatic demonstration than the present world-wide depression. Although the United States enjoys a far greater economic independence than any other large country, yet we have been gravely affected by world forces. The consideration and discussion of world-wide economic problems and of the economic relations between nations by men who have had to deal with the results of economic forces can be most helpful to world understanding and world cooperation in their solution.

In his more deliberate moments the President thus confirms in principle my entire contention.

At the time of the moratorium, on June 20, 1931, President Hoover frankly reasserted the same patent economic truths to an important extent, as follows:

From a variety of causes arising out of the depression, such as the fall in the price of foreign commodities and the lack of confidence in economic and political stability abroad, there is an abnormal movement of gold into the United States which is lowering the credit stability of many foreign countries. These and the other difficulties abroad diminish buying power for our exports and in a measure are the cause of our continued unemployment and continued lower prices to our farmers.

Here is the President speaking with all possible deliberation, and yet, Mr. President, this panic has been raging since October, 1929, and no basic program has been adopted by the administration, or by any political party or any cross section of the press or any civic organization. It is true that many individuals, including some Democratic leaders,



have suggested one, and have in vain asserted its necessity, but no such program has as yet been generally adopted.

I hope I may make a more accurate prediction, though, perhaps, a sadder one, than was made by the distinguished Senator from Indiana on June 13, 1930, at the time the Smoot-Hawley bill was enacted, when I say that the people here and in other important countries that have been pulled down and broken down and held down economically by the pursuit of hopelessly unsound economic policies and palliatives by this and other Governments are doomed to suffer in increasing measure until finally they bestir themselves and see to it that their public servants in every part of this country and in other important countries will feel obliged to sit down and deal with the fundamentals of these awful panic conditions.

Are we going to be content merely to restore some local business activity here at home such as we may be able to restore by the administration of local stimulants? Are we merely going to restore some limited business activity by restoring some semblance of confidence and bringing out from its hiding place some credit? What sane business man does not know that, with these fundamental world-panic conditions still existing, untouched and intact, they may not in a night crash into our American business structure and destroy what new local business they may have thus created? Yet our Federal Government is apparently oblivious to the real and fundamental panic problems that are so vital to the property and to the comfortable living of hundreds of millions here and everywhere.

We are undertaking to sit supinely here at home and to retain our self-centered state of mind, and yet, Mr. President, with 2,000,000,000 population on this planet 75 per cent of them are living to-day in a state of what we would call poverty; but, in the face of that situation, this great productive Nation, with the greatest surplus-producing capacity in history, proposes to face back and inward and pusillanimously confess that it has not the ability to step out in front of the few other industrial nations and supply the world with a large portion of the goods and necessities that would go to make a decent living standard because a few of our chief beneficiaries of the ultrahigh tariff are so blind and selfish as to be utterly without vision.

If we had only had a Cecil Rhodes, without his unlawful methods, or a Warren Hastings, or a Wakefield, who went into Australia—if we had had any person in this country with a creative mind and vision and resolution, he would have gone out and brought within the range of our trade routes and of our surplus products untold markets; but, Mr. President, we have been marching all these 10 or 12 years in precisely the opposite direction.

The President on July 6, 1931, in announcing that the moratorium had been agreed to by important creditor governments, repeated that—

The plan was particularly aimed to economic relief. \* \* \* It means tangible aid to unemployment and agriculture.

Let me make still more clear the deliberate attempt of the world under American leadership to commit economic suicide by reading from the chief publication of the United States Department of Commerce, dated February 22, 1932, in which they seek to describe the causes and effects, to use their own language, of "the dominant forces now prompting these measures of extreme nationalism and apprehensive trade restriction," as follows:

The cumulative effect of the world economic depression as it continued into its second year led many foreign countries to a further tightening up of their markets during the year 1931, by higher tariffs and by a variety of other drastic trade-control measures. The influence of the depression in this direction was accentuated by the general shrinkage of exports, resulting in part from the increased tariffs and other restrictive measures adopted by many countries during 1930, and was aggravated by the financial difficulties of government, which spread rapidly after mid-summer of 1931.

Under these exceptional conditions the usually dominant protective motive for the curtailment of imports has been often overshadowed during the past year by the need for increasing governmental revenues, correcting adverse trade balances, protecting currency values, or maintaining the Government's financial solvency altogether. To attain these ends, the trade-control meas-

ures taken during 1931 have included not only increases in duties but quota limitations, restrictions on imports in other forms, exchange controls, and even gold embargoes, with all their consequences. On the other hand, among the official measures to stimulate exports, or improve export prices, have been special tariff treaties, export subsidies, and governmental monopolies or controls of trade in particular commodities.

The measures in process and the plans in prospect in various countries early in 1932 foreshadow still greater contraction of international trade during the year ahead, including many markets of primary interest to American exports. In a number of foreign countries evidences are indeed apparent of growing restiveness on the part of commercial interests over the effects of drastic trade-control measures—those adopted by their own governments as well as by others. However, the likelihood of definite action during 1932 by foreign countries in the reverse direction, of moderation of trade barriers, appears to depend largely upon the early resolving of the financial crisis and upon the appearance of substantial signs of recovery from the general economic depression, the dominant forces now prompting these measures of extreme nationalism and apprehensive trade restriction.

Their conclusion is:

With overcapacity, if not actual overproduction, shrinking markets, falling prices, increased unemployment, unbalanced budgets, frozen credits, and general financial uncertainty afflicting practically every country—and an increasing number of countries finding themselves during the past year facing also heavily adverse trade balances and slipping currencies—and with the difficulties of one country rapidly involving others through reciprocal reaction, many governments have resorted to whatever trade-control measures suggested themselves that promised at least to alleviate their particular immediate difficulties.

Mr. President, these runaway activities and methods of every conceivable kind and description, including economic isolation, under American leadership since 1920, calculated utterly to obstruct and block the transfer of capital, goods, and services across international boundaries everywhere, are each week seriously aggravating the world's economic situation and postponing the day of sound and permanent business recovery.

We find all this network of insurmountable tariffs and exchange restrictions and embargoes and reprisals and retaliations and quotas, together with the complete collapse of the gold standard in most of the countries of the world and the derangement of monetary stability everywhere, and then at home we find that we have an export capacity of from twenty to twenty-five billion dollars. Our great textile industries have from 1 to 300 per cent excess productive capacity; our radio manufacturers, our automobile manufacturers, our oil producers, and lumber producers and coal miners and cement manufacturers and scores of other great industries have a tremendous excess capacity, to say nothing of cotton, tobacco, and wheat and hog products and a long list of other agricultural products the export difficulties of which have utterly impoverished American agriculture in this country under our extreme high-tariff policy.

In the face of these circumstances, who can pretend that there is no fundamental question before this country that we should consider in connection with the solution of these panic conditions except the minor, temporary, and local aids that have been enacted here in the form of what are called "emergency relief measures" submitted by the administration?

Mr. President, the American people have the choice of continuing inert and indifferent to this affliction of creeping economic paralysis until the lack of food and shelter literally drives them to a reexamination of our business and economic ills and the adoption of fundamental remedies, or they can without further delay demand of leaders in all political parties that basic panic causes must not longer be trifled with and ignored simply because a small group of the chief tariff and other special-privilege beneficiaries in this country are too blind and narrow and selfish to permit those whom they control to adopt a broad and patriotic policy of permanent relief for the general American public. In 1922 Republicans in charge of the Government based the Fordney high tariff law measurably upon the alleged necessity of preventing sporadic imports from countries with depreciated currencies, and an important reason for reorganizing the Tariff Commission was impliedly for the purpose of reducing the Fordney rates concededly excessive save for depreciated currency conditions abroad. Virtually all of the



nations were then off the gold standard, but they returned to it during the years following.

The price level, it should be admitted, was high when the Fordney law was enacted. In 1929 the Smoot-Hawley measure was conceived upon the theory of benefiting agriculture in the main. The outcome, as usual, however, was that industry secured the lion's share of actual tariff benefits. Two groups of tariff thought, identical in principle and with scarcely distinguishable difference in practice, came conspicuously upon the scene during the Smoot-Hawley tariff movement. One group stood for skyscraping tariffs for industry, with more moderate rates for agriculture, while the other group stood for skyscraping rates for agriculture, with more moderate rates for industry. It was in practical effect a case of "two souls with but a single thought, two hearts that beat as one." The inevitable outcome was in strict harmony with all human experience of the past, and that was that both got what they wanted, but, as usual, agriculture was badly buckeyed and bunkoed, as is demonstrated to every sane person by the fact that agriculture has been fundamentally worse off each year since the enactment of the farmers' high tariff in 1921 and the Fordney high tariff in 1922.

Mr. President, the dominant Republican forces which are also in charge of the Government, by their economic record and policy since 1920, raise the acute issue of whether we shall continue our blind and utterly impractical pursuit of economic nationalism, which in addition to high tariffs embraces every sort of obstruction to the transfer of goods, capital, and services across international boundaries, as stated, and which contemplates that apart from some trivial exchanges of raw materials and occasional items of foodstuffs and manufactures, this great country shall restrict its production in manufacturing, mining, and agriculture to its home consumption, or whether with vision and constructive ability we shall pursue the opposite economic policy which recognizes that we are living in a new day in which our impregnable home market must be supplemented by adequate foreign markets for our ever-increasing surpluses, and that the satisfactory disposition of such surplus production has become an indispensable factor in our permanent progress and our sound and balanced prosperity.

You will recall, Mr. President, that in 1922 a great cry went up over the country about some scattering imports, due to the depreciated currencies abroad. We proceeded to enact the Fordney tariff law in order to keep out such sporadic items of imports as were being brought in over our then existing tariff rates. Within two or three years nearly all the nations of the world had been able to get back on the gold standard; conditions were gradually becoming normal so far as price levels were concerned; and yet in the campaign of 1928 the suggestion was made that we should have another tariff revision upward. At that time, it seems to me, the President committed three or four major blunders. The first one was in agreeing to call an extra session of Congress for the purpose of a general tariff revision. After he discovered his mistake, to all appearances, he announced that he would not undertake to curb the movement in Congress to enact excessive rates, but that he would install a "two fisted" Tariff Commission to lower all the rates that were thus about to be raised excessively.

That reminded me of a piece of doggerel I once read which some member of the British Parliament quoted:

I hear a lion in the lobby roar;  
Say, Mr. Speaker, shall we shut the door  
And keep him there?  
Or shall we let him in  
In order to see whether  
We can put him out ag'in?

So the President was willing for the advocates of unlimited tariff protection to pile rate upon rate, with the complacent announcement that he would not interfere; but that after all the damage had been done he would undertake the utterly absurd and impossible task of calling on that gallant band of "tariff reformers" down yonder, labeled "The Tariff Commission," to ascertain rates that were really not excessive.

A Senator from somewhere was asking a while ago about where it would be possible to find a single one of all these thousands of rates that one would dare lay his impious hand upon with the idea of reducing it. Some days ago I glanced for five minutes over the imports for the first six months of this act, and I ran across rates like these. I just took these as I came to them.

Frozen eggs, as high as 135 per cent.

	Per cent
Fish roe as high as.....	120.97
Onions.....	161
Cabbage.....	186
Ground chicory.....	124
Avocados.....	144
Crude lemon peel.....	121
Shelled peanuts.....	189
Cane sugar from Cuba, 96 test.....	175-200
Dextrose sirup.....	134
Potato starch.....	135.90
Cotton handkerchiefs made with handmade hems.....	132
Scoured carpet wool, at 27 cents a pound.....	121.21
Washed carpet wool, at 24 cents a pound.....	164
Scoured combing wool, at 32 cents a pound.....	153.84
Woven fabrics—woolens and worsteds as high as.....	105, 106, 109, 115
Wool felt for hat shapes.....	112.58
Sewed straw hats (N. E. S.).....	137
Spring clothespins.....	152
Shell corks.....	241

I wonder what Alexander Hamilton would think of this list if he could be back here for five minutes!

	Per cent
Cylinder ground and sheet glass, as high as.....	104, 116
Plate glass.....	102, 106, 125
Sand for glass manufactures.....	104.50
Imitation pearls, as high as.....	157

These are just the imitation pearls that the little factory girl buys.

	Per cent
Pumice stone, as high as.....	189
Magnesite.....	101, 147
Safety-razor blades.....	206
Other razors and parts, as high as.....	293
Pruning and sheep shears and blades, as high as.....	240
Scissors, shears, and blades, as high as.....	165
Nail and barbers' clippers, as high as.....	263
Pocket and other knives with folding blades, as high as.....	172
Blades for such folding knives, as high as.....	292
Jeweler's saws.....	127
Padlocks, as high as.....	156
Tungsten:	
Metal.....	145
Ore.....	120
Rollers for printing.....	106.50

Here is the cheap class of jewelry that the factory girl, again, buys:

	Per cent
Cheap jewelry.....	110
Metal articles to be worn on person.....	106
Oxalic acid.....	113
Precipitated carbonate.....	155
Epsom salts.....	100
Sodium nitrate.....	100
Dextrin, made from potato starch or flour.....	105
Lemon, lime, etc., juices, unfit for beverage purposes.....	114
Crude barytes.....	102
Paris white.....	114
Firecrackers, as high as.....	199
Needles for phonographs.....	112
Breech-loading rifles.....	110
The cheaper clocks.....	131
The cheaper parts of same.....	167.59
The cheaper watch movements.....	142.53
Bottom plates for cheap watch movements.....	299.45

Here are some more of these cheap beads that the children buy:

	Per cent
Imitation pearl beads.....	176
Toothbrushes, as high as.....	116
Ocean pearl buttons.....	117
Fountain pens, as high as.....	110
Cigar and cigarette holders, as high as.....	125
Brier pipe bowls.....	133
Mouthpieces for pipes, cigar, and cigarette holders.....	738.06
Thermostatic bottles, as high as.....	147

And so on, and so on.

Mr. President, in 1929 we produced \$70,000,000,000 worth of manufactured products. We imported into this country during the last calendar year in the way of finished, dutiable manufactures \$292,359,000 worth of commodities. That is



the infinitesimal amount of imports of this class that are really competitive. We bring in a few hundred million dollars' worth of finished manufactures that are not in any sense competitive and that are on the free list; but, with all of this nation-wide propaganda and all these frenzied speeches in our legislative bodies about the danger of this huge manufacturing plant in America being hopelessly overcome and submerged by somebody from somewhere abroad, when we come to examine the actual imports under existing law they consist of the relatively few items to which I have referred, so far as finished dutiable manufactures are concerned. When the distinguished Senator from Indiana rose and announced that 70 per cent of our imports came in duty free, his face lighted up almost as though he had discovered the riddle of the universe; and yet if the present sky-scraping duties on the dutiable items that come in here at present were made just a little higher in a few places, thereby excluding all dutiable imports, we would have no imports except those that are free.

All of the competitive articles, or anything remotely or speculatively competitive, would be kept out; and the rubber and the silk and the tin and all this long list of commodities that we must bring in would come along duty free, because we would not be producing them, and they would not in any remote sense be competitive.

So the statement of the distinguished Senator from Indiana that 70 per cent of our imports are duty free would seem to attribute some virtue or some power in the Smoot-Hawley tariff rates to affect the amount of noncompetitive and non-dutiable imports that come in here free, when in fact they chiefly affect the competitive imports, which last year had shrunk down to the trivial level of around \$695,000,000.

Mr. President, I repeat that we must determine these problems in the light of postwar conditions. It is utterly absurd to go back prior to the war and take up tariff or other economic theories that were made entirely obsolete by the complete transformation in our industrial and commercial affairs that took place as a result of the war. As I stated, instead of a provincial country, with some developing manufactures but chiefly with some foodstuffs and raw materials for exports, we became the supreme industrial country of the world, with agriculture and mining almost equally coordinated with the industrial phases of our economic structure.

In 1925 I made this statement on the floor of the House of Representatives:

Vast changes in economic conditions everywhere were wrought by the World War, and most unfortunate will be the nation that fails to recognize and act upon them.

Then I said:

The supreme question is, Shall the economic life of the world during coming years be developed under American leadership on the basis of high tariffs and severe trade restrictions and discriminations, thereby reducing production, diminishing trade, impoverishing nations, and promoting economic wars, or shall it be developed on the basis of moderate tariffs, freedom from economic barriers, and fair and friendly trade relations?

On this occasion, for the second time, I offered in Congress a resolution proposing an international trade agreement or economic congress, the purpose of which was, just as the pending proposal has for its purpose, to deal with the hopelessly confused and complicated trade conditions and methods that exist throughout the world.

Almost all wars for the past 250 years have originated from economic controversies. When the attempted customs union between Germany and Austria was undertaken some months ago, we saw that it created a tense situation in every chancellery of Europe. A most serious threat of increasing armaments in France and other countries was immediately heard; and yet, Mr. President, when we offer to create an international agency for purposes of international conference to work out a better understanding with respect to these ever-increasing tariff complications and these ever-tightening trade restrictions which lead to the completely unbalanced distribution of gold in the important countries of the world—when we seek some international conference in order that this and other nations, wholly

within their domestic functions and entirely from the standpoint of the enlightened self-interest of each, may be able by some concerted action to point out steps that each nation might well take to liberalize the present exchange situation, to check this great increase in tariffs everywhere, and face in the opposite direction, and in many other ways by mutual agreements promote fair and friendly trade relations—when this proposal is offered, we get no response either from the administration or from any other important group of thought that is supposed to be out from under the influence of the chief tariff beneficiaries in this country.

Mr. President, I would like to inquire how much longer and how much further this policy can be continued without serious aggravation of the financial and industrial and business conditions here and in other parts of the world. We ought to be able to see by this time that temporary palliatives are not reaching the seat of the disease. We ought to be able by this time to realize that some degree of international conference and concerted action is vitally important, if we would take the first long step in improving conditions, and that is to restore confidence.

I think I said before the Committee on Finance that if there could be one international conference of sound, able business men with vision, who would reach accurate conclusions and proclaim them to the world, conclusions by which we could halt this mad movement which piles restriction and trade barrier upon restriction and trade barrier in every country, if we could face in the opposite direction in a careful and cautious manner, we would see a degree of confidence restored in every part of the world which would make a thousand reconstruction finance corporations utterly insignificant as aids in checking panic conditions and improving them.

I do not desire to go into detail, but I would call attention to the purchasing power of this and other countries. This Nation has the purchasing power of about \$750 per capita. China has the purchasing power of \$10 per capita, India of \$35 per capita. By the way, I notice that this man Bata, who, in the shoe business in Czechoslovakia, is called the Henry Ford of that country, is now over in India teaching millions of those people to wear shoes, in order that he may turn out millions of additional shoes and afford employment to labor and capital in his country.

While we recently saw our great shoe industry in the United States, with a capacity of 850,000,000 pairs a year, and a domestic consumption of only about 300,000,000 pairs, instead of resolutely going out and securing markets for the surplus and giving employment to some of our seven or eight million unemployed, coming to the Capital when the Smoot-Hawley bill was pending and asking for tariffs which would permit it and encourage it, instead of seeking any further foreign trade to utilize the surplus production capacity for the benefit of labor, sitting down supinely behind this tariff wall, while over in little inferior countries like Czechoslovakia the manufacturers are going out among the 75 per cent of the people of the world who are living in poverty and teaching them to want more things to eat and to wear, and to buy them.

Mr. President, I have here a list showing the per capita purchasing power of each of the countries of the world, as best I have been able to get it, and I desire to insert that, with some similar figures, in the RECORD, without consuming the time of the Senate to read them.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the figures were ordered to be inserted in the RECORD, as follows:

Country	Year	Dollars per capita
United States	1928	749
Austria	1927	140
Belgium	1928	171
British Empire:		
United Kingdom	1924	409
Dominions—		
Australia	1924	477
Canada	1927	579
India	1924	37
Union of South Africa	1923	112



Country	Year	Dollars per capita
Chile	1928	169
Czechoslovakia	1925	172
Denmark	1927	267
Egypt	1928	102
Finland	1926	118
France	1928	201
Germany	1925	190
Greece	1927	98
Hungary	1927	113
Italy	1927	115
Japan	1925	66
Latvia	1925	92
Lithuania	1924	54
Netherlands	1925	284
Norway	1927	251
Poland	1928	74
Spain	1920	187
Sweden	1924	265
Switzerland	1924	389
U. S. R. (Russia)	1925	48
Yugoslavia	1924	109

Mr. HULL. Mr. President, notwithstanding the fact that, as stated, the Fordney Act was enacted primarily and professedly to prevent importations from countries with depreciated currencies, and most of those countries came back to the gold standard; notwithstanding the fact that the Smoot-Hawley Act has increased the rates of the Fordney Act to a surprising extent, we have the same influences coming here now seeking other increases of tariffs upon the theory that they are necessary to keep out imports from countries with depreciated currencies; and I am wondering when this practice of piling Pelion upon Ossa in the way of one layer of tariffs upon another will cease, when they will fail to find some pretext to call for still another increase.

The truth is that there has been virtually no change in the price level of England since she went off the gold standard, and yet the Senator from Pennsylvania came rushing in with resolutions for posthaste Tariff Commission investigations in order to keep the country from being overwhelmed by imaginary imports from England and a few other countries which have gone off the gold standard.

The fact is that so many countries went off with England, and have gone off since, including Japan, and so many countries have placed arbitrary restrictions on exchange and trading in commodities between nations, as to result in keeping prices down artificially, so that the price levels have not materially changed. Yet the commission must stop all the important business of ascertaining the causes of this panic and dealing with them, because, forsooth, some 125-year-old industry in this country which was asking for the same amount of tariffs a hundred years ago comes here and says that by some speculative possibility commodity prices in England or somewhere else might fluctuate and result in some few sporadic imports into this country.

I am not undertaking to minimize this tariff and trade phase of our economic situation. If I had my way, I would create an organization of broad-gauged people in this country who were not under the domination of the chief beneficiaries of these tariffs, but who would give them a square deal, as is often said, by careful and cautious revision downward. I would have them call an immediate halt to all these excesses which are going on, which have hopelessly strangled international trade, a volume of trade that to-day is \$245,000,000,000 less than it would have been under the pre-war rate of increase, a volume of trade that is down to below the pitiable sum of \$20,000,000,000. It has become a mere thread across the international boundaries of the nations of the world.

All the important countries are loaded down and glutted with surpluses which starving and freezing people in other countries can not get because the blind and the selfish and the rabid economic isolation policy has seen fit hopelessly to block, by dislocating the gold-standard situation, by embargoes and quotas, and by throttling the exchange situation. I would have those conditions liberalized, so that the peoples in every commercial country again could take heart and take hope and recover their confidence. Then we would see, as a second development, credit everywhere coming out from its hiding places, and that in turn would be followed

by gradually increasing business activities, and labor once more could resume permanent employment.

I assert, Mr. President, with some degree of confidence, that the nearly 20,000,000 distressed unemployed wage earners of the world to-day will suffer on and on in increasing numbers until some semblance of economic order is brought out of this national and international chaos which exists, and which is utterly preventing capital or goods from being transferred from one country to another for any purpose except to a relatively slight extent.

Yet the American people are being seriously taught that if perchance we should buy something from some other country that we could buy even most profitably by exchanging a barrel of flour or an automobile or a ton of cement or a carload of wheat or other surpluses most damaging and burdensome to us, if somebody wanted to buy some Scotch tweed or other cloth from abroad and let it be balanced against our exports of these tremendously burdensome surpluses here at home—the cry goes up at once that America will be seriously injured, that some imports are coming in.

Mr. President, world trade does not mean that either side would displace any well-established business conditions of the other. It primarily means that a nation with sufficient productive capacity, in addition to mutually profitable exchanges of commodities with another, is willing to go out into the uttermost parts of the earth and locate and develop and establish on a constantly increasing scale markets which will absorb every kind and character of surplus it may be able to produce.

If I may refer to him without quoting him, I was talking with a very able man in this country, who was reared in a remote and very provincial community. He was preaching to me this doctrine of isolation in economics. His idea was that this country should restrict everything to our capacity to consume. His idea, too, was that instead of that old slogan to the farmers of "high tariffs and agricultural prosperity," we should substitute the slogan of "restriction of production or bankruptcy."

The theory was, as it has been published, that every farmer should plow up every third row of cotton and that every tenth cow should be killed. That is the same policy under which Brazil was to dump into the ocean 12,000,000 bags of surplus coffee, and it is said we should adopt it in this country as to every important line of industry, both manufacturing and agricultural.

I said to him that when he grew up back there among those humble people he might have said to them that he was reared among them, that he was one of them, and that he proposed to stay with them throughout life, touching elbows and keeping step with them. "But," I said, "You did not do that. If you had, you would have been sitting on some store front there stroking your long beard, calling to anybody who passed along that would listen to you." I said, "You were gifted with a remarkable equipment, with immense ability, great vision, and constructive capacity on a magnificent scale. You moved out in front of those benighted neighbors of yours. You proceeded to travel on and on, far out of the sight of those people. You became a great citizen, a financial leader in the country, and you have accomplished wonderful service in advancing human progress in many important respects."

Then I said, "At the close of the World War your equipment over and above your old neighbors back home was not one-fifth as great proportionately as that of these United States in every essential respect over and above every other nation in the world to spread out, with its finance and its commerce, and make the great commercial countries and cities of the past look insignificant."

The world was helpless. It was at our feet. We were equipped with all the surplus materials, surplus manufacturing plants, and money and credit to improve it, and establish a greatly increasing volume of commerce in every part of the world. Instead of that we fell into the clutches of these blind and dumb economic isolationists who were preying upon the Government and the people. They have assumed to represent American business generally when



they really have represented a very small but powerful segment of it. Instead of leading the Nation up to wonderful heights of human progress they have led us in the opposite direction, with the result that to-day the American people are fundamentally worse off in every essential respect than they were in 1920. These 10 or 12 precious years have been thrown away and here we are now at this belated stage confronted yet with the question of what shall be the permanent economic policy of this Nation in the light of its situation as a creditor and great surplus-producing country.

We are going backward under a policy, as I have indicated, of curtailing most of our farm production, most of our automobile and oil and copper and other production in every important line, down to our capacity to consume here at home, with such casual exports as may arise from some interchange of a few raw materials and certain foodstuffs. Under that policy we will pursue that course in the future, with frequently recurring panics, with not 6,000,000 but 10,000,000 of unemployed in the next great catastrophe that comes upon us, with no hope of continuing as a first-class financial and commercial country, but gradually surrendering our leadership and our control to any second or third rate nation that may come along and will take charge of world commerce and world civilization that is interwoven with it, while we proceed to stagnate and to slip and slide backwards industrially, financially, and I would be afraid, in many other respects pertaining to the better phases of civilization.

Under such a policy we are going to pursue that course with every country in the world following our leadership as they are now, every nation attempting with one hand to push on the other its surplus production and at the same time to push back the exports of the other country with the other hand, so that there would be no semblance of international intercourse in the sense that employment of labor and capital may be brought about in full measure, in the sense that the gold standard would again be administered in some intelligent and practical way by a country capable of administering it, and in the sense that natural and normal trade relations between all the nations of the earth might once more be resumed, relations that mean everything in the promotion of a higher state of civilization.

I profoundly believe that the patent economic conditions of this country strongly suggest that the people of this and other nations will suffer on and on until and unless there is an awakening and we check this constant increase of restrictions and barriers of international finance and commerce, and face in the opposite direction, until we gradually reach a level of moderation as to tariffs and a liberalized policy of trading that will once again bring about a state and feeling of fairness and of friendship among the nations of the world.

Mr. COSTIGAN. Mr. President, because of its important bearing on one feature of the substitute of the Senator from Mississippi [Mr. HARRISON], I ask unanimous consent to insert in the RECORD, following the eloquent address of the Senator from Tennessee [Mr. HULL], an article on Tariff Reciprocity Through International Agreements, prepared by a writer using the pen name of "Democritus." It particularly discusses the most-favored-nation clause in existing treaties of the United States with other countries. It was written by a lawyer and economist of ability who, because of obligations resting upon him in certain public relations, does not desire his name published in connection with the article. I may say that his excuse, though regrettable, is justified, and that he is unusually competent to speak on the subject under discussion.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The article is as follows:

#### TARIFF RECIPROCITY THROUGH INTERNATIONAL AGREEMENTS

The last paragraph of the bill to amend the tariff act of 1930 (H. R. 6962), as introduced by Mr. COLLIER on January 4, 1932, but omitted from the bill as passed by the House of Representatives five days later, requests the President "to negotiate with foreign governments reciprocal trade agreements under a policy of mutual

trade concessions." At the hearings on January 7 before the Committee on Ways and Means doubt was expressed as to the compatibility of such a program with the existing obligations of the United States to countries with which this country is party to treaties containing the most-favored-nation clause. Indeed, it was suggested that such treaties had "nailed down the lid" upon any policy of reciprocity and left the United States "perfectly powerless to negotiate reciprocal treaties."

The attitude of despair indicated by these words is happily unwarranted. Equality of treatment—the objective of the most-favored-nation clause—and reduction of duties—the objective of reciprocity agreements—are twin policies, alike admirable, entirely consistent with each other and particularly adapted to the immediate needs of the United States. The request to the President contained in the last paragraph of Mr. COLLIER's bill presents, indeed, an admirable opportunity for an enlightened and effective commercial policy, provided—

(1) That the people of the United States have made up their minds that there shall be a substantial revision of their tariff downward.

(2) That Congress intends the term "trade agreements" to be understood in its literal sense and not to imply "treaties" within the requirements of the Constitution governing ratifications; and finally, and by no means of least importance

(3) That the principle of reciprocity within the most-favored-nation clause be maintained.

#### REVISION DOWNWARD

If language similar to that of the original bill should, as predicted by some, be restored in the Senate, and if the bill should become law, the President would be not only requested but authorized to negotiate reciprocal trade agreements with the governments of other countries for mutual trade concessions. The chief virtue of such a program is that it seeks world revision downward, not merely American revision downward. From the point of view of the United States this method is doubly advantageous; it provides a method of eliminating the superprotectionism that has so adversely affected American trade; and, while seeking moderation at home, it seeks similar moderation everywhere, to the benefit of all concerned. Tariff moderation, while necessary for the public welfare, is designed primarily to favor the exporter. Obviously the seller of goods to purchasers in other countries will derive no great benefit if international commerce is confronted there with insuperable import tariffs. Like military and naval armament, the armament of nationalistic protectionism presents a problem not to be settled without the aid and cooperation of other countries, a fact strikingly recognized in the provision of the bill under consideration, which invites the President to initiate a movement for an international economic conference with a view, among other things, to "lowering excessive tariff duties." "We can no longer legislate, but must negotiate" in tariff matters, a leading business man is reported to have said in a recent address.

Nevertheless, a policy of downward revision through a series of international agreements is not suited for all situations. It must have back of it a popular demand that is consistent and genuine and powerful enough to overcome the opposition of particular interests which, quite regardless of the national welfare, are certain to oppose the reduction of any given rate. Otherwise every agreement with another country would be blocked by the protectionist stirrings of producers of goods affected by its own special provisions. Revision downward by negotiation requires at least as firm a supporting public opinion as does such revision by legislative enactment. Its success probably requires even stronger popular support.

Moreover, the method of revision by negotiation is not suited to become a permanent policy unless it entirely supersedes the legislative method of tariff enactment. If legislation continued, rates would inevitably be pushed up for bargaining purposes. Since the negotiations for bringing them down would not always be successful, the result in the long run might be upward, not downward, revision.

At the present time in the United States the tariff wall already scrapes the sky, and the people apparently are in earnest about reduction. The same situation seems to exist in many other countries, and there is evidence that leadership from any powerful government could successfully accomplish its aim of all-around "concessions." Even in cases where new duties are just being imposed there is reason to believe they might be repealed if other countries would take reciprocal measures.

For carrying on negotiations, a group of carefully chosen specialists should be assembled. Their first duty would be to map out a comprehensive plan for agreements with all important countries. In so far as possible, each separate agreement should be negotiated with a view to having it play its part in an orderly system of American tariff reduction, while also functioning to obtain in other countries reductions calculated to effect a maximum stimulation to trade. Through this process a well-balanced and general lowering of the tariff of the United States could in all probability be consummated. Should the result prove to be otherwise, the situation could be remedied by subsequent legislation.

#### ACTION BY EXECUTIVE AGREEMENT

The Collier tariff bill, as already observed, authorized the President to negotiate "reciprocal trade agreements." The word "agreement" is commonly used to refer to international arrangements entered into by the President with the specific or tacit authorization of Congress. They are not considered to be treaties



and are signed and put in operation without being referred to the Senate or the Congress.

Thus, by section 3 of the tariff act of 1897, the President was "authorized," with a view to "reciprocal and equivalent concessions" to enter into "commercial agreements" with other countries reducing duties on certain specified articles. A considerable number of such agreements were entered into by the President and made effective by his proclamation.

By section 4 of the same act, provision was made for the negotiation by the President of commercial "treaties" for reciprocal reduction of duties, within specified limitations. They were to be entered into subject to the approval of Congress and also the advice and consent of the Senate. Many were negotiated; not one was ever approved or consented to.

This result was to be expected. The lesson is obvious. Appropriate and correct procedure calls for the fixation of policy by Congress and its execution by the President. The policy having been declared, Congress should not be burdened with the consideration of every individual agreement. So long as the Executive stays within the authority granted by Congress, its will prevails. Any abuse of authority can be speedily rectified by subsequent legislation. The language of the Collier bill indicates that it was designed to follow the first of the precedents cited above. The authority granted is, moreover, large and general. This is the wise course; it spells success, just as any other method of procedure would spell failure.

The Congress, should it desire to retain a measure of safeguard, might provide that the agreements should, for a brief period, be subject to congressional veto. When the period expired, they would, unless adversely acted upon, go into effect. Thus all of the force of inertia would lie on the side of letting the agreements stand, whereas positive congressional approval would have to run the gantlet of inertia as well as opposition. Moreover, while broad and ample authority is in every way desirable, the virtually unlimited authority of the Collier bill should, lest there be attempted an unconstitutional delegation of power, give way to definitely prescribed, but very generous, limitations within which presidential rate making through international agreement may proceed.

#### EQUALITY AND RECIPROCITY

It is neither necessary nor desirable to depart from the traditional practice of tariff equality in order to promote a policy of tariff revision downward by international reciprocity agreements. Treaty obligations and considerations of sound policy alike forbid such course.

Equality of treatment has been the almost invariable practice of the United States from the beginning. The preamble of the first American commercial treaty, that of 1778 with France, refers to "the most perfect equality and reciprocity" as its guiding principle. Washington, in his Farewell Address, commended a commercial policy that should "hold an equal and impartial hand; neither seeking nor granting exclusive favors or preferences." With very few exceptions, indeed, and these largely for political rather than economic purposes, American statesmanship has found the foregoing precedents worthy of emulation. Careful investigation by the Tariff Commission has found the exceptions to be attended by only the most meager economic advantage.

Tariff rates that are equally applicable to similar products from whatever country they are imported are administratively advisable—consider the burden upon the customs authorities that would result from different rates upon the same kind of article determined by whether the shipment came from country A, B, C, D, or what not! Equality, however, is of primary concern to exporters, because it enables a government to obtain similar equality, similar freedom from discrimination in other countries. Like tariff moderation, also, it redounds to the general advantage. It is the basis of the good will and friendly relations that spring from fairness and impartiality in a country's dealings with other countries. It is aimed against precisely those "discriminatory" trade practices which the pending tariff bill seeks to eliminate by means of its proposed international economic conference.

Reciprocity, the reduction by international agreement of import duties on named articles in return for reductions deemed to be of equivalent commercial advantage, connotes, as already pointed out, a policy of careful bargaining with other countries. Each country promises to lower its duties on named products of the other. It may, of course, promise also that these lower duties shall not be applied to similar goods from third countries. But ordinarily it does not do so and is not expected to do so.

Thus, in 1927, Germany, which by the treaty of 1923 is obligated to accord most-favored-nation treatment to the United States, entered into a very important reciprocity treaty with France. German duties applicable to numerous French goods were reduced. The reduced duties were immediately made applicable to similar goods if and when imported from the United States. But the reductions were of less advantage to American exporters than to French exporters because the treaty dealt with the special needs of Franco-German commerce, not with the needs, different in character, of German-American commerce. The treaty with France also contains the most-favored-nation clause. Should Germany and the United States conclude a reciprocity treaty, Germany would extend to French goods the reduced duties accorded to goods from the United States, but the treaty would not be likely to result in advantage to French commerce comparable with its advantage to American commerce.

For generations reciprocity treaties within the most-favored-nation principle have been the characteristic feature of the commercial policies of some of the most important countries. Nearly

all countries make the most-favored-nation clause the basis of their ordinary commercial dealings with other countries. The trade of one country with others differs in each particular case. Reduced duties on one article may interest one or more countries and be of no interest to the rest. Moreover, under the world's treaty system, equality is generally sought and advocated and generally exists and has long existed. There is little evidence that its discontinuance in favor of special and exclusive treaties is widely desired. The object of reciprocity treaties or agreements is, as a rule, not preferential treatment so much as lower duties. If the duties are lowered, the main objective is obtained. The fact that they are lowered to all countries should not and usually does not interfere with the bargain. Discriminations and preferences are breeders of discords and are wholly undesirable in commercial policy.

Accordingly, reciprocity agreements, as apparently contemplated by the Collier bill, are not antagonistic to but rest squarely upon the principle of most-favored-nation treatment, which is the foundation of American commercial policy. So considered, the proposed new policy is a natural development of the old, making it positive and adapting it to the needs of the moment, without impairing its fundamental purpose of preserving equal rights for all and special privileges for none. Reciprocity agreements which would violate the equality of treatment principle present no perceptible advantage as compared with those which would not violate it. They present many comparative disadvantages. It is to be presumed that the bill was intended to institute action consistent with the most-favored-nation treaty obligations of the United States. If there is any doubt, the language deleted by the Ways and Means Committee should be clarified, as well as restored by the Senate.

If the experiment of reciprocity agreements within the most-favored-nation clause works successfully, the agreements may some day be rewritten as treaties. At all events, such agreements would be the best means of building toward an international economic conference that could produce results.

#### ADMINISTRATION OF INDIAN AFFAIRS

Mr. KING. Mr. President, on the 9th of this month I presented to the Senate a petition signed by a large number of Indians, as well as by a number of white persons, dealing with the Indian situation and the administration of Indian affairs by the Bureau of Indian Affairs. A number of Indians since then have signified their approval of the petition and, as I am advised, have signed the same. I ask that their names be printed in the Record without reading. In addition, there are a number of white persons who have also signed the petition. I ask that the names referred to may be printed in the Record at this point.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The names are as follows:

Ralph White and William Guyton, Standing Rock Reservation, N. Dak.; Caville Dupuis, chairman Tribal Council of the Flathead Tribe, Montana; Charles Kie, Laguna Indians at Gallup, N. Mex.; Indian Council of the San Carlos Apache Tribe, Arizona, by Henry Chinn; Tribal Council of the Tongue River Reservation, Montana, by Clay C. Rowland, chairman, Rufus Wallowing, secretary; Nez Perce Tribe, of Idaho, by Sam Morris, Samuel Slickpoo, Harry Wheeler, H. H. Welsh, sr., business committee of Standing Rock Reservation, Fort Yates, S. Dak.; Marion E. Gridley, secretary the Indian Council Fire, Chicago, Ill.; committee of the Sisseton and Wahpeton Sioux Indians, Sisseton, S. Dak., S. H. Renville and brother members, Summer Clan of the Pueblo of San Ildefonso, N. Mex., by Juan Gonzales, Bernardo Sanchez, Joe A. Aguilar, and Antonio Pina; Pueblo of Picuris, N. Mex., by Roman Martinez, governor; Fort Peck, General Council, Gus M. Hedderich, and Rufus Ricker, sr., vice chairman; Thomas J. Sloan, Los Angeles; Council of All the New Mexico Pueblos, meeting at Santo Domingo Pueblo March 11-12, the following Pueblos signing: Picuris, Nambe, San Ildefonso, Santo Domingo, San Felipe, Cochiti, Santana, Sandia, Sia, Isleta, Tesuque, and San Juan; Rev. Chas. Frazier, mission, South Dakota; John Keeobe, Greenville, S. Dak.; Sam Jones, Peever, S. Dak.; Joseph Redwing, Niobrara, Nebr.; Sybil Kershaw, member of Menominee Tribe, Washington, D. C.

Bad River Chippewa Reservation, Odanah, Wis., by William P. Big Boy, chairman of committee; James White, jr., chief; Joe Martin, jr., chief; John T. Cloud, chief; Sam F. Denomie, secretary; Mary Jane Denomie, president of Women Voters' League of Chippewa Bad River Reservation; Miss Pete Houle; Kate P. Armstrong.

White Swan-Simcoe Indian Council, Yakima Reservation, Wash., by David Miller, president.

Sisseton Sioux Branch Organization, South Dakota, by Thomas Standfast, chairman, Peever, S. Dak.; John E. Max, jr., Sisseton, S. Dak.; Henry Redearth, vice chairman, Peever, S. Dak.; M. W. Phelps, secretary, Peever, S. Dak.; Hannah Redearth, treasurer, Peever, S. Dak.; Samuel Finley, Peever, S. Dak.; Cathrene Standfast, Peever, S. Dak.; John Thompson, Peever, S. Dak.; Moses Mierone, Peever, S. Dak.; Charles Quenn, Peever, S. Dak.; Emma Quenn, Peever, S. Dak.; James Horn, Peever, S. Dak.

Marcus H. Forster, grand secretary Mission Indian Federation, San Juan Capistrano Reservation, Calif., and the following cap-



tains of the reservation branches, Mission Indian Federation, by reservations: Nicolas Chaparro, Los Coyotes Reservation; Charley Helmiupp, Secuan Reservation; Joaquin Piapa, Anaha Reservation; Jose Juan Piapa, San Gutudes Reservation; Jose Helmiupp, Campo Reservation; Florencio Subish, Yapicha Reservation; Rosendo Curo, Mesa Chiquita Reservation; Ysidro Montoya, San Felipe Reservation; Antonio Queras, Mataguay Reservation; Miguel Calac, Rincon Reservation; Junocencio La Chappa, San Ysabel Reservation; Sebastian Guassac, Puerta Noria Reservation; Jose O. Albinas, Potrero Reservation; Valentine J. Lachusa, Mesa Grande Reservation; Ramijo Robles, Pala Reservation; Vidal Mojado, La Jolla Reservation.

Whites: Robert Gessner, New York; Eda Lou Walton, New York; Mr. and Mrs. Gerald Cassidy, Santa Fe, N. Mex.; Dr. Jay B. Nash, New York City; Mr. and Mrs. George F. Barker, San Francisco; Mrs. Maria Lambin Rogers, New York City; L. V. McWhorter, Yakima, Wash.; Howard Welty, Oakland, Calif.

Mr. KING. I also have a telegram from Poplar, Mont., signed by Gus M. Hedderich, chairman, and Meade Steele, secretary general council, Fort Peck Indians, which I desire to have inserted in the RECORD without reading.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The telegram is as follows:

POPULAR, MONT., March 24, 1932.

General council meet to-day adopted resolution indorsing Indian statement addressed to Congress; also indorsement of Peavey resolution of March 3, 1932; also indorsed Frazier tribal council bill urging immediate enactment; also expressed its gratitude and congratulations to Senators FRAZIER, WHEELER, KING, and Congressmen HOWARD and PEAVEY, and other friends who are balloting for Indian rights; council renews its protest against new grazing regulations; also indorses Swing-Johnson Indian bill, resolutions unanimously adopted; also council calls on Wilbur and Rhoads to state what actions they propose to take to meet facts stated in Indian statement. Please bring actions of council to attention of all our friends in Washington. When minutes completed will mail you copies for your information.

GUS M. HEDDERICH,  
Chairman Council Fort Peck Indians.  
MEADE STEELE,  
Secretary General.

RECESS TO MONDAY

Mr. FESS. Mr. President, I move that the Senate take a recess until Monday next at 12 o'clock noon.

The motion was agreed to; and the Senate (at 5 o'clock and 10 minutes p. m.) took a recess until Monday, March 28, 1932, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

THURSDAY, MARCH 24, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

This day, our Heavenly Father, bring every Member of this Congress into an experience of that knowledge, understanding, and judgment heretofore unknown. O do Thou support us with the opulence, with the might and the blessedness of a living faith. Lighten the burden that weighs down, that irritates, and drives to discouragement. Make us conscious of that power that can lift up and lead us in the way of a wise success. Most graciously be with our President and Speaker and all others who have been placed in authority over us. The blessed Lord God mercifully regard our country, the land that has filled so many great and profound souls with rapture and for the centuries past has been the asylum for earth's oppressed. Inspire us all to labor and to toil for its greatest good while the groaning, sweating, bleeding aspects of human life are passing by. In Thy holy name we ask mercy and the forgiveness of our sins. Amen.

The Journal of the proceedings of yesterday was read and approved.

### THE REVENUE BILL

Mr. CRISP. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill.

The SPEAKER. The gentleman from Georgia moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236.

Mr. LA GUARDIA. Mr. Speaker, pending that motion may I ask the gentleman from Georgia as to the advisability of attempting to secure unanimous consent so that after the amendment now pending, offered by the gentleman from Georgia, is disposed of—against which, I believe, there is no opposition—we could have a vote on the Doughton amendment, and for this reason: If the Doughton amendment is approved, it would avoid an epidemic of amendments to create further exemptions under the manufacturers' excise tax. If the Doughton amendment is not approved, then, of course, Members would be advised either to favor or oppose further exemptions. I suggest that the real test of this whole matter is on the Doughton amendment, and if the gentleman from Georgia would ask unanimous consent that we dispose of the existing amendment and then take up the Doughton amendment, I think that would save hours and hours of discussion.

Mr. CRISP. Mr. Speaker, answering the gentleman from Georgia, I am just as anxious to bring this matter to a final show-down as any Member of the House, but I do think that any Member who has an amendment to offer providing for further exemptions should be given that opportunity before a vote is taken on the Doughton amendment.

I appreciate thoroughly the motive of the gentleman from New York, and I am in sympathy with it; but it seems to me that if the House desires to expedite the matter and bring the issue to a vote, it could vote on the amendment I have proposed for the committee and then let any other gentlemen who have amendments offer them. While I have no disposition to curtail their debate, I believe these gentlemen in a few minutes could express the reasons why they were offering those amendments. Then when those amendments have been disposed of I would be perfectly delighted if the House would agree to let the final test come on the amendment offered by the gentleman from North Carolina [Mr. DOUGHTON] to strike out that paragraph, and personally I will agree that that shall be the test, and that if it prevails, all of the other manufacturers' tax titles or sections be eliminated from the bill.

However, there are three or four matters in this manufacturers' title that are not per se the sales tax. For instance, the tax on oil. There is a tax on imports of gasoline and oil, as well as a tax on lubricating oil. There is a tax on wort; there is a tax on malt; and there is a tax on grape concentrates. Therefore, I do not think that if we should have an agreement to permit the vote on the Doughton amendment to be the test as to the manufacturers' tax it would strike out the items I have named. Then the gentleman from New York [Mr. CULLEN] has an amendment which he wishes to offer levying a tax on beer. Personally, I think it would be in order; but that amendment would not come up until after you had disposed of these matters in connection with the sales tax, and then when we reach that part of the bill my friend's amendment could be offered.

Mr. JOHNSON of Washington. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. JOHNSON of Washington. I am very glad to hear the gentleman's statement as to the rights of those with amendments. I desire to call attention to the fact that by unanimous consent the House agreed to dispense with the reading of certain parts of the bill and take up two particular sections. This leads to a bit of uncertainty. At the right place in the bill, at the right time, I desire to offer two amendments, one of which proposes to place at least a 100 per cent sales tax on any goods made in whole or in part by the type of forced labor prevailing in Russia, where no one is supposed to be unemployed and few paid, and I would like time to explain that amendment. Second, an amendment in the nature of a tax for the purpose of equal-



izing the depreciated currencies of countries in other parts of the world. I am dependent upon the chairman to assist me in an arrangement by which I will not be foreclosed from offering these amendments at the right place.

Mr. CRISP. Of course, I do not agree to support the gentleman's amendment.

Mr. JOHNSON of Washington. Oh, I do not ask that. The distinguished chairman must stand by his bill, but he can help others to help in this important amendment.

Mr. CRISP. Nor do I concede that the gentleman's amendments would be germane to the bill, but the place where they should be offered would be after the vote on that part of the bill placing a tax on oil, gasoline, and so forth.

Mr. JOHNSON of Washington. Exactly.

Mr. CRISP. And the suggestion I have made in no wise deprives the gentleman of any of his rights in that respect.

Mr. RANKIN. Will the gentleman yield?

Mr. CRISP. I yield to the gentleman from Mississippi.

Mr. RANKIN. As a matter of fact, would not all these amendments be germane to a subsequent provision of the bill to that covered by the amendment of the gentleman from North Carolina?

Mr. CRISP. I think they would be, but I will say to the gentleman from Mississippi that here is the trouble about that. Undoubtedly they would be in order there, but the unanimous-consent agreement we were trying to reach was to act on those amendments with respect to the first section, and then let the vote on striking out the first section be the final and complete test.

Mr. RANKIN. That was not the request, as I understood it.

Mr. PATTERSON. Mr. Speaker, if they are asking unanimous consent to do that, I shall object.

Mr. LA GUARDIA. If the gentleman will yield, my suggestion was this: There was an amendment pending offered by the gentleman from Georgia and there is an amendment to that amendment pending, and my suggestion was that we dispose of that amendment and then the committee amendment. The next step would be the amendment offered by the gentleman from North Carolina [Mr. DOUGHTON]. If that is approved, all the other amendments would not be necessary. Therefore I thought we would save time if, after disposing of the amendment offered by the gentleman from Georgia, against which there is no opposition that I know of, we would take a vote on the Doughton amendment.

Mr. CRISP. I am perfectly agreeable to that.

Mr. O'CONNOR. Will the gentleman yield?

Mr. CRISP. I yield to the gentleman from New York.

Mr. O'CONNOR. Some Members may be in the same position I am and may desire to offer an amendment to the gentleman's amendment. For instance, I desire to offer an amendment to the gentleman's amendment with respect to malt sirup, and if this agreement were entered into, disposing of the committee amendment, that might preclude my amendment.

Mr. CRISP. It would not in any wise interfere with that.

Mr. O'CONNOR. The logical and appropriate way would be to offer the amendment to the gentleman's amendment. For instance, in the exemptions which the gentleman has proposed to add to the bill, I understand there is included malt sirup used by bakers.

Mr. CRISP. That is correct.

Mr. O'CONNOR. I wish to offer an amendment exempting malt sirup used in the making of malted milk.

Mr. CRISP. I think that would be perfectly in order as an amendment to the amendment when the amendment of the gentleman from New Jersey [Mr. LEHLBACH] is either voted up or down. The gentleman from New Jersey has an amendment to the committee amendment pending, and when that is voted up or down, I think the gentleman's amendment would be in order.

Mr. LINTHICUM. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. LINTHICUM. Am I to understand that the gentleman considers that the tax on oil is not a part of the sales tax, and even though the sales tax were stricken out, the tax on oil would still remain?

Mr. CRISP. I may say to my friend that this agreement in no wise interferes with that. The committee would have a separate chance to vote on whether it is going to eliminate the oil tax or not.

Mr. LINTHICUM. Even though the sales tax per se were eliminated?

Mr. SNELL. Will the gentleman yield?

Mr. CRISP. I yield to the gentleman from New York.

Mr. SNELL. It seems to me that in the interest of orderly procedure we should start this morning just exactly as we would proceed if we had read the bill up to Title IV, and I would not want to agree to any unanimous-consent request to do anything different.

Mr. CRISP. Well, that settles it.

The SPEAKER. The question is on the motion of the gentleman from Georgia that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10236, the revenue bill, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. In order that there may be no misunderstanding about the parliamentary situation, the Chair will direct the Clerk to report, first, the pending committee amendment offered by the gentleman from Georgia, Mr. CRISP; next the pending amendment to the committee amendment, offered by the gentleman from New Jersey, Mr. LEHLBACH; and after that the motion filed by the gentleman from North Carolina, Mr. DOUGHTON.

The Clerk again reported the Crisp amendment, as follows:

Committee amendment offered by Mr. CRISP: On page 225, after line 13, insert the following new paragraphs:

"(1) Sales of food for human consumption (including those grades and forms of articles chiefly used as food for human consumption in the form in which sold or after processing or as material for such food; but not including any article enumerated in subsection (d)).

"(2) Sales of wearing apparel for any part of the body.

"(3) Sales of agricultural implements and machinery.

"(4) Sales of medicines.

"(5) Sales of insecticides, fungicides, and herbicides, if chiefly used for agricultural purposes.

"(6) Sales of malt sirup, in containers containing not less than 50 pounds each, to a baker for use in the making of bread."

Mr. ABERNETHY. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. ABERNETHY. I have just come into the Hall, and there has been so much confusion I have not understood what was going on. I would like to know what is before the House so that I can vote intelligently.

The CHAIRMAN. The Chair has directed the Clerk to read the parliamentary situation. He has read the amendment offered by the gentleman from Georgia and was about to read the amendment of the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Chairman, I ask unanimous consent to modify the amendment by adding just preceding the amendment "sales of," in order to make it conform with the language of the committee amendment.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Modified amendment offered by the gentleman from New Jersey: At the beginning, insert the words "sales of," so that the amendment will read "Sales of merchant vessels constructed in American shipyards under the provisions of the merchant marine act of 1920 and 1928, as amended, and all material, equipment, and furnishings therefor, for which the Government has agreed to loan more than 50 per cent of the cost."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from North Carolina [Mr. DOUGHTON].



The Clerk read as follows:

Amendment offered by Mr. DOUGHTON: Page 225, strike out paragraph (a), beginning with line 8, on page 225, down to and including line 6, on page 226.

Mr. O'CONNOR. Mr. Chairman, I desire to offer an amendment to the committee amendment.

The CHAIRMAN. The Chair will state that on Tuesday the gentleman from New Jersey was recognized formally to offer an amendment and that amendment is pending.

Mr. O'CONNOR. I thought the gentleman from New Jersey might yield, as my amendment would take precedence.

Mr. SCHAFER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SCHAFER. When will it be in order for me to offer a perfecting amendment to the committee amendment?

The CHAIRMAN. Not at this stage, not until the amendment of the gentleman from New Jersey is disposed of.

Mr. LEHLBACH. Mr. Chairman, I sincerely trust that the committee will give its consideration to the pending amendment on its merits, regardless of their views on the subject of manufacturers' sales tax generally.

The manufacturers' sales tax as it is written, applies to merchant vessels.

Immediately at the conclusion of the war, and for the 13 years succeeding, the American Government has expended hundreds of millions of dollars to establish and maintain and develop a merchant marine. To that end it has established certain necessary trade routes, has established steamship lines and operated those lines, even by the Government itself.

From time to time it has sold these lines under contract with the purchasers that they must maintain these trade routes.

In order that this may be done, the Congress in 1928, supplementing the merchant marine act of 1920, provided for the awarding of certain mail contracts. In the administration of the mail-contract policy the money paid out for mail contracts was largely earmarked for new construction, because unless replacements are continually made, the merchant marine will become obsolete, because the life of a ship is only 20 years.

In addition to these mail contracts, the money from which is paid in new construction, the Government, out of the construction loan fund, lends for new construction three-quarters of the cost of the ship, at a rate of interest no greater than that paid by the Government for the use of money.

By this means we have at the present time various ships in the course of construction, and will continue to construct new ships to replace those falling into disuse by reason of superannuation. To make this tax applicable to these ships built under the policy of the Government with the money of the Government, would simply be to knock into a cocked hat the entire merchant-marine policy. It was not within the contemplation of anybody when a manufacturers' sales tax was proposed that it should apply to a merchant vessel any more than to an office building. The amendment is reasonable and fair, and simply protects the Government itself in one of its major enterprises.

Mr. BLAND. Mr. Chairman, I shall take very little time of the committee. First, let me ask the gentleman from New Jersey [Mr. LEHLBACH] if his amendment covers only sales of ships, or if it covers also the manufacture of ships?

Mr. LEHLBACH. It does. It covers the tax that might otherwise be placed on these ships, and it only covers the tax on ships constructed in our own yards pursuant to the policy laid down in the merchant marine acts of 1920 and 1928, and only where the major part of the money is furnished by the Government.

Mr. BLAND. The result of the tax would be, as the gentleman from New Jersey has pointed out, that the Government in large part would be taking money out of one pocket and transferring it to another pocket. To that extent it might seem unobjectionable, but, nevertheless, there is a serious objection to that tax. We are trying to build up a merchant marine. The purpose of the 1928 act was to build

up a merchant marine. The necessity for a merchant marine is to enable the country to be placed in a position of defense, and, in addition to placing the country in a position of defense, to enable the farmers, the agricultural interests, the manufacturing interests, merchants, and other interests to have a domestic carrier for domestic products, and thus help in promoting our foreign business.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield? Mr. BLAND. Yes.

Mr. STAFFORD. Why should the shipyards of the country that are already receiving a bounty from the Government receive any further bounty as contradistinguished from the manufacturers of locomotives or other lines?

Mr. BLAND. I can not see that there would be a bounty to a shipyard. The money would come out of the shipowner. However, it would materially interfere with the construction of ships so necessary to the defense of the country and for the promotion of our foreign commerce.

Mr. RANKIN. I suggest that the gentleman wait until we vote on the Doughton amendment, and when we adopt that, that will exempt them all.

Mr. BLAND. That may be true, but at the same time there is always the danger of nonadoption. It would seem to be necessary in the development of this particular interest that is so materially for the protection of our country and the protection of our commerce that the amendment of the gentleman from New Jersey should prevail.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. BLAND. Yes.

Mr. BRITTEN. Is it not a fact that the Government is practically a 75 per cent owner in all such ships that to-day fly the American flag?

Mr. BLAND. Seventy-five per cent of the cost is contributed by the Government, which is to be repaid to the Government.

Mr. LaGUARDIA. The gentleman from Illinois says the Government is a 75 per cent owner. He should say that it is a 75 per cent donor.

Mr. BLAND. I should say lender rather than donor.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey.

The question was taken; and on a division (demanded by Mr. LEHLBACH) there were—ayes 130, noes 110.

Mr. STAFFORD. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. LEHLBACH and Mr. STAFFORD to act as tellers.

The committee again divided; and the tellers reported—ayes 149, noes 145.

So the amendment was agreed to.

Mr. O'CONNOR. Mr. Chairman, I offer the following amendment to the committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR to the Crisp amendment: After the word "bread," which is the line in the Crisp amendment, insert "and malt sirups sold and used for the manufacture of malted milk or other medicinal products."

Mr. O'CONNOR. Mr. Chairman, while malted milk is exempt and medicines are exempt, the committee amendment added an exemption for malt sirup in the making of bread. Malted milk is more of a medicine than a beverage. I also understand that in the hospitals throughout the country a lot of malt sirups are used in the making of medicinal preparations.

Mr. CRISP. Mr. Chairman, the committee has no objection to the amendment of the gentleman from New York. We intended to exempt all those malt sirups.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. GLOVER. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. GLOVER to the pending Crisp amendment: After paragraph (6) of the Crisp amendment add the following as paragraph (7):



"Sales by licensed manufacturers of gases, electricity, or power to be used in production of agriculture crops, and the preparation of seed crops for marketing purposes."

Mr. GLOVER. Mr. Chairman and gentlemen of the committee, the only purpose of this amendment is to exempt power used in the production of agriculture. It is a matter to which I called the attention of the chairman a few days ago. At that time the gentleman from Georgia [Mr. CRISP] said that he thought there was some merit in it, or words to that effect. Here is the situation that I am trying to reach.

In my district there is one of the largest rice fields in the United States. It is in a prairie country. It takes hundreds of pumps to pump the water to overflow the lands or cover the lands so that rice will grow. There are hundreds and hundreds of acres of it. That has to be produced by electric pumps pumping the water to cover the land.

I have a telegram from those people growing rice saying that this tax would possibly put them out of that production. The purpose of this bill all the way through has been to exempt agriculture. The amendment I have offered goes farther than that, and would exempt the gins that are ginning cotton. Every southern man who has a cotton gin in his district ought to be in favor of this amendment.

Why do we want to penalize the man who grows cotton or rice, or the man who grows other agricultural products? All in the world this does is to exempt that part of this power, either gas or electricity, that is used for that purpose. This amendment would also affect the dairying interests, where electric milkers are used. They would be exempted from this tax. I am sure many of the members of the Committee on Ways and Means will be favorable to this, and I can not see why this amendment should not be accepted by the committee.

The gentleman from Georgia [Mr. CRISP] was very kind in his statement about it the other day, and I am sure he feels it is a worthy amendment. If it were not so, I would not offer it, but this is something that should be exempted. If this bill passes, it is an exception that ought to be put into the bill, and this is the proper place to put it in.

I hope that every man who is interested in agriculture will vote for this amendment.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. WHITTINGTON. Unless this does pass, it means that practically every bale of cotton will be taxed from 50 to 80 cents a bale?

Mr. GLOVER. Yes.

Mr. RANKIN. Will the gentleman yield?

Mr. GLOVER. I yield to the gentleman.

Mr. RANKIN. It would not after we adopt the Doughton motion.

Mr. GLOVER. Well, it would not hurt that. I am for the Doughton amendment.

Mr. CRISP. Will the gentleman yield?

Mr. GLOVER. I will be glad to yield to the gentleman from Georgia.

Mr. CRISP. I will state that I did call this up before the committee, but in the multitudinous things before the committee, no final decision was reached. As far as I am concerned, I have no objection to it.

Mr. GLOVER. I thank the gentleman, and I hope the amendment offered by me will be adopted.

Mr. BARBOUR. Mr. Chairman, I desire to offer a substitute for the amendment just offered by the gentleman from Arkansas [Mr. GLOVER].

The CHAIRMAN. The Chair will suggest to the gentleman from California that an amendment of that sort would not be in order. It would be an amendment in the third degree. We are now considering a committee amendment, and there has been an amendment offered to the committee amendment.

Mr. BARBOUR. It would not be in order as a substitute?

The CHAIRMAN. The Chair thinks not.

Mr. STAFFORD. If the Chair will permit, there are four motions that might be entertained at any time, namely, an amendment, an amendment to that amendment, a substitute,

and an amendment to the substitute. As I understand the proposal of the gentleman from California, he offered his amendment as a substitute for the amendment offered by the gentleman from Arkansas. I do not say that it is a substitute; but if it is offered as a substitute, it is in order and is not within the restricted class of being within the third degree.

The CHAIRMAN. The Chair will state to the gentleman from Wisconsin and the gentleman from California that as the amendment is offered, it is offered to the Crisp amendment. There is already one amendment pending.

Mr. STAFFORD. Then it is an amendment in the third degree.

Mr. BARBOUR. I would like to state that I am offering it as a substitute, but to be added to the Crisp amendment in the event it is passed.

The CHAIRMAN. The gentleman can offer it after the amendment offered by the gentleman from Arkansas [Mr. GLOVER] is disposed of.

The question is on agreeing to the amendment offered by the gentleman from Arkansas.

The question was taken; and on a division (demanded by Mr. GLOVER) there were ayes 126 and noes 110.

So the amendment was agreed to.

Mr. BARBOUR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: Add as a new paragraph to the Crisp amendment the words "electrical power or energy."

Mr. BARBOUR. Mr. Chairman, I think the committee has acted wisely in accepting the amendment offered by the gentleman from Arkansas [Mr. GLOVER], because electricity used on the ranches is just as necessary in the operation of a farm or ranch and in the production of a crop thereon as is fertilizer or farm implements or feed for livestock, or any of the other things that have been exempted in the bill or in the Crisp amendment. The amendment offered by the gentleman from Arkansas is entirely consistent with the position of the committee in regard to the other exemptions, so far as agriculture is concerned.

My amendment will go farther. It will exempt all electricity. Electricity is one of the most necessary things and is used in practically all of the homes of this country. In the country, in the villages, and in the cities we all use electricity. The rich use it and the poor use it, and if we tax electricity that is used in the homes, we are placing a tax on the very people we are trying to exempt in the Crisp amendment by exempting the necessities of life.

Mr. DYER. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. DYER. If we exempt everything that pertains to agriculture, as we are starting to do, where will we get any money to balance the Budget?

Mr. BARBOUR. This does not exempt everything. It exempts electricity. The committee has adopted a policy, which is evidenced by the Crisp amendment, of exempting the necessities of life, and I submit this amendment to the Committee of the Whole House on the state of the Union in line with the policy of the Crisp amendment, because it exempts another necessary—electricity—which, to my mind, is just as essential in our daily life and just as necessary as clothing or food.

Mr. COLE of Iowa. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. COLE of Iowa. Can the gentleman tell us how much this would mean in reduced revenue?

Mr. BARBOUR. I can not say. I have not those figures.

Mr. PATTERSON. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. PATTERSON. I understand that the gentleman's amendment exempts all the electricity used in the homes of the people who are out of work?

Mr. BARBOUR. All electricity. In addition to that, I may say that in this country there are many small electric railroad lines that to-day are operating at a loss. They are rendering a real service to the people of this country and are



doing so at a loss. If they are taxed under this bill, it would simply add to their operating loss.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. LAGUARDIA. Is the gentleman's amendment sufficiently broad to cover cities as well.

Mr. BARBOUR. Everything. It exempts all electrical power or energy.

Mr. LAGUARDIA. In view of the action taken by the committee on the previous amendment, it would seem to me there could be no argument against this amendment.

Mr. COLTON. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. COLTON. The gentleman's statement is correct regarding interurban lines. It is also true regarding mines. Our mines are shut down because they can not keep up expenses, and many of them get their power from electrical energy.

Mr. BARBOUR. Electricity is one of the very necessary things that we use in the home and in practically every activity of our daily life.

Mr. MOUSER. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. MOUSER. Why does not the gentleman include natural gas?

Mr. BARBOUR. The gentleman can offer an amendment to that effect. I did not want to try to cover too much ground, but rather to confine my amendment to the one thing—electricity.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. STRONG of Kansas. Does it not include all use of power?

Mr. BARBOUR. All use of power; yes. That is what I am aiming at.

Mr. CRISP. Mr. Chairman, I hope this amendment will not be adopted. If it is adopted, you will lose in revenue \$12,000,000. With the exemptions that have already been proposed, practically all of the necessities of life are exempt. All food and all material that goes into the making of human food is exempt. All wearing apparel is exempt. However, under the bill the material that goes into the manufacture of wearing apparel is subject to the  $2\frac{1}{4}$  per cent tax. But, gentlemen, with the exemptions that have been proposed by the committee, the tax will practically apply to basic industries, and as it is reported by the committee, with the committee amendment engrafted into it, it will raise from \$450,000,000 to \$460,000,000.

Now, this tax on electricity is not burdensome. I regret we have to tax anything. This tax is based on the manufacturers' wholesale cost at the switch—not covering the service and sales agencies—and it is  $2\frac{1}{4}$  per cent on the wholesale manufacturers' price. The average wholesale manufacturers' price of electrical energy at the switch is about half a cent a kilowatt-hour. This tax is not levied on the retail price but on the wholesale price.

There is no need of my discussing it further. I have presented the facts to you, and I hope the amendment will not prevail.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. WHITTINGTON. As I understand the amendment—and I want to see if I am correct—this would exempt all electricity used domestically, agriculturally, and industrially?

Mr. CRISP. Yes.

Mr. WHITTINGTON. Altogether?

Mr. CRISP. Yes.

Mr. ESTEP. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. ESTEP. The gentleman stated that if this amendment were adopted it would take about \$12,000,000 out of the proposed increase in taxes?

Mr. CRISP. That is what the expert tells me.

Mr. ESTEP. Can the gentleman tell us how much the adoption of the amendment offered by the gentleman from Arkansas will cost?

Mr. CRISP. It is estimated to be about \$500,000.

Mr. GIFFORD. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. GIFFORD. I would like to ask the gentleman whether Canada taxes electrical power?

Mr. CRISP. I will answer the gentleman candidly by saying I do not know. I did not go to Canada this fall with the Hearst party, so I can not answer that question.

Mr. GIFFORD. May I read one sentence from the report?

Mr. CRISP. Yes.

Mr. GIFFORD (reading):

Electric power is of such great use in our manufacturing industries, which we wish to encourage, that we are not directly taxing it.

I wonder if anybody could inform us whether, if they do not tax it directly, they are indirectly taxing it?

Mr. CRISP. I would answer my friend if I could, but I will not make any statement that I do not know to be accurate. I will not give any misinformation.

Mr. YON. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. YON. In one community in my district the city is furnished with electricity by a power company under contract. Where would the tax be collected in that instance?

Mr. CRISP. Under the law, where a city performs strictly a governmental function, it is exempt from this tax. Therefore, if the city were operating a municipal electric plant or gas plant, the power or the gas which the city itself consumes would not be subject to the tax, but the gas or electricity which the city sold to private individuals is not strictly a governmental business and the tax would apply in such a case.

Mr. RAINEY. Mr. Chairman, there is no tax on electricity in Canada. The Government has a monopoly on the production of electricity, almost a complete monopoly, and the Government does not tax itself. There is no tax in Canada.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The question was taken; and on a division (demanded by Mr. BARBOUR) there were—ayes 54, noes 153.

So the amendment was rejected.

Mr. BURTNESS. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BURTNESS: In paragraph 3 of the committee amendment, after the word "machinery," insert a comma and the following: "including parts thereof; harness and harness hardware."

Mr. BURTNESS. Mr. Chairman, I would like to have the attention of the chairman of the committee for a moment. In the amendment exempting farm machinery was it not the intent of the committee that parts for such machinery were also to be exempted?

Mr. CRISP. It was not, I will say to my friend. The committee felt as if they could not continue to broaden the exemptions and get anything at all from the tax, and the committee felt, and I feel now, that if anyone will consider this bill in its entirety he will see that the farmers have been given every possible consideration.

Mr. BURTNESS. Mr. Chairman, I have talked with a number of members of the committee with reference to this matter, and most of them told me that they believed that parts of machinery were to be exempted and that the whole would include the elements thereof. I recognize the answer given by the chairman of the committee as being a frank statement of his view of the matter, and, of course, it confirms the doubts I entertained as to the construction that would be placed thereon and what I perceive as the need of adopting my amendment.

The amendment which I am proposing is really two amendments, but I have offered them together in order to save time. I shall ask unanimous consent to have the amendment divided when the vote is taken.

To start with, the first proposal is one of exempting parts of machinery, and I may say to the members of the commit-



tee that if they are going to give any particular benefit by this exemption to the farmers of the country during the next two years it is far more necessary to exempt parts of farm machinery from the tax than it is to exempt new machines, for the farmers of the country, at least in our section, are not going to be buying much new machinery but a great many new parts with which to repair old machinery.

A tax upon the repairs needed for a binder or a mower or any other necessary farm implement is a tax almost upon misfortune, and I hope there will be practically no votes against that portion of the amendment which will exempt from the manufacturers' tax the parts that go into farm machinery; the parts that will have to be purchased by all farmers of this country during the next few years and until there is enough restoration of prosperity so that they can afford to buy new machinery. Such parts are very expensive, anyway, and the farmers can not and should not pay a dollar, a nickel, or a penny more for them.

Mr. STAFFORD. Will the gentleman yield?

Mr. BURTNESS. No; I can not yield. I do not want to ask for an extension of time, hence must decline to do so.

The second portion of the amendment simply exempts harness and harness hardware. As stated, I will ask that the two propositions be voted on separately, so that the Members may pass upon the merits of each independently.

The same principle which applies to the exemption of farm implements and farm machinery, of course, applies to harness, but in this connection there is even an additional reason. One of the most important things in the restoration of agriculture, it seems to me, in the next few years is to try to get away from vast mass production on the farms through the use of expensive tractors and power equipment. It would be a wonderful thing for all the people of the country if the farmers could get back to the more general use of horses for their motive power. [Applause.]

Let us not put a burden, then, upon the individual farmer who wants to again start using horses in the place of tractors and who has to buy harness in order to do so, but let us in this bill to a slight extent encourage such a change and exempt that portion of the farmer's cost of production represented by the purchase of harness and harness hardware, for, of course, the expenditures therein affect directly the farmer's cost of production, which in turn may affect the price of the crop or product raised to the consumers when they buy it.

I submit the amendments for your consideration with confidence that you will find them meritorious. While I appreciate the consideration given agriculture in this bill, you can not do too much for it, as there is no class in the country in as desperate straits as are the farmers. Remember, too, that whatever is done for them to reestablish their purchasing power will be helpful to all other classes in our population.

[Here the gavel fell.]

Mr. BURTNESS. Mr. Chairman, I ask unanimous consent that the amendment may be divided, so that the question of exemption as to parts of machinery may be put separately and then the rest of the language voted upon.

The CHAIRMAN. In the opinion of the Chair, the amendment contains more than one substantive proposition. The Clerk will report the first part of the amendment.

The Clerk read as follows:

In paragraph 3 of the committee amendment, after the word "machinery," insert a comma and the following: "including parts thereof."

The CHAIRMAN. The question is on the first part of the amendment.

The question was taken; and the Chair being in doubt, the committee divided, and there were—ayes 94, noes 74.

So the first part of the amendment was agreed to.

The CHAIRMAN. The Clerk will report the remainder of the amendment.

The Clerk read as follows:

In paragraph 3 of the committee amendment, after the word "machinery," insert a comma and the following: "harness and harness hardware."

The question was taken; and on a division (demanded by Mr. CRISP) there were—ayes 62, noes 81.

So the second part of the amendment was rejected.

Mr. COX. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amend the committee amendment offered by Mr. CRISP by adding a new subsection, as follows:

"8. Sales of crates, baskets, boxes, bags used for the handling, packing, or shipping of fruit and vegetables."

Mr. CRISP. We have no objection to that amendment.

Mr. GREEN. Mr. Chairman, I offer a substitute for that amendment.

The Clerk read as follows:

Insert at the end the following new paragraph:

"7. Sales of articles to be used as containers of any kind for fruit and vegetables in any form."

The CHAIRMAN. The Chair will state to the gentleman that this is an amendment in the third degree.

Mr. GREEN. This amendment is broader than that offered by the gentleman from Georgia. I was wondering how it can be offered.

The CHAIRMAN. It can be offered as a new paragraph after the other amendment is disposed of. The question is on the amendment offered by the gentleman from Georgia [Mr. Cox].

The question was taken, and the amendment was agreed to.

Mr. GREEN. Now, Mr. Chairman, I offer the amendment which is at the Clerk's desk.

The Clerk read as follows:

Add to the committee amendment: Insert at the end the following new paragraph:

"Such sales of articles to be used as containers of any kind for fruit or vegetables in any form."

Mr. GREEN. Mr. Chairman, this amendment is important. It goes farther than the amendment offered by the gentleman from Georgia. It would exempt any kind of containers used for fruits or vegetables of any kind or any container in any form. In other words, the canning industry of the country is canning the surplus of our vegetables and fruits. This would exempt the container of those goods, as well as barrels and baskets and hampers used for shipping.

Of course, I favored the amendment offered by the gentleman from Georgia [Mr. Cox]. In fact, it is in part the amendment I am now offering. The fruit and vegetable growers and shippers favor the amendment.

Mr. CRISP. Mr. Chairman, I am constrained to oppose this amendment. It will lose us \$4,000,000. It will affect the canning of any kind of food products, meat, vegetables, or anything else. The food in them and all parts of the food are exempt. I am willing for the adoption of amendments that will aid in carrying out the full scheme of the bill to exempt the farmers, but when you go as far as this you are exempting the big tinning plants, the mills that make the tin, and this bill will not produce anywhere like the adequate revenue, even if the House adopts it. I hope the amendment will be defeated.

Mr. HARE. As I understand, the Cox amendment takes care of baskets and hampers for shipping fruits and vegetables.

Mr. CRISP. It does, and I said that I had no objection to it.

Mr. BLAND. Does it exempt fish products, containers carrying fish for food?

Mr. CRISP. What is the nature of the container?

Mr. BLAND. Usually in crates or barrels.

Mr. CRISP. My information is that it does.

Mr. WHITE. Mr. Chairman, I move to strike out the last word. The case of the farmer in connection with these food products has been presented here in consideration of the amendment of the gentleman from Florida [Mr. GREEN], and the gentleman from Georgia [Mr. CRISP] has presented opposition to the manufacturers of tin cans. There is still a third element interested in this matter, and that third element consists of the consumers of food. It is my opinion—and I believe this House is in agreement with me—



that American citizens should be permitted to live before they are compelled to assume the burdens of taxation.

Mr. CRISP. Mr. Chairman, will the gentleman yield?

Mr. WHITE. Yes.

Mr. CRISP. I have not the slightest doubt that this tax on cans, negligible as it is, will be absorbed by the canners and will not affect the consumer at all.

Mr. WHITE. I believe we should stand firmly by the principle that the poor people in the cities of the United States as well as in the country should be exempted from taxes until they at least have an opportunity to make a living.

Mr. MURPHY. Mr. Chairman, will the gentleman yield?

Mr. WHITE. Yes.

Mr. MURPHY. The answer given by the chairman of this committee would apply to everything in the way of a sales tax. It will be absorbed, but it is the poor man who will absorb it, because he is the man who is eating out of the cheap tin can. The poor man lives out of these tin cans, and you are going to put a tax on the users of these food products. Here is a chance for you fellows who are against the sales tax to do something real and tangible and worth while.

Mr. WHITE. Mr. Chairman, I hope the amendment of the gentleman from Florida will prevail.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. GREEN].

The question was taken, and the amendment was rejected.

Mr. GREEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. GREEN to the committee amendment offered by Mr. CRISP: Insert at the end thereof the following new paragraph:

"(8) Sales of turpentine or resin."

Mr. GREEN. Mr. Chairman, I would particularly like to have the attention of those from the naval stores-producing States, and those from the paint, the soap, and the varnish manufacturing States. Naval-stores production for this year has declined because the producers are not realizing the price of production in many cases. There is some question as to whether naval-stores products may be properly classified as farm products. At the last session of Congress we passed a special act bringing gum turpentine and gum resin under the provisions of the marketing act, so that the Federal Farm Board could lend some assistance to this industry.

Mr. CRISP. Mr. Chairman, will the gentleman yield?

Mr. GREEN. Yes.

Mr. CRISP. Practically all of those resins and turpentines are used in further manufacture. If they are used in further manufacture and sold to licensed manufacturers they are exempt.

Mr. GREEN. Then the chairman should not object to this amendment. We want to be sure that these products are protected. Of the producers in my district, I am informed only a few did not lose money last year. If you want those making soap in your districts, making paint in your district, or making varnish in your district, as well as other manufactured articles to pay more, then put an additional tax on this agricultural product. It is highly important that we protect all lines of the farming industry. This is a line of farming. As an industry it is now distressed, as are some of the wheat and cotton industries.

Mr. LaGUARDIA. Can any of the articles mentioned in the amendment be used of and by themselves as such?

Mr. GREEN. Yes. They are used to mix in paint, and for other purposes.

Mr. LaGUARDIA. If they are, they are not taxed.

Mr. GREEN. Oh, no; the gentleman is wrong. A consumer will buy a gallon of paint and add probably a quart of turpentine.

Mr. LaGUARDIA. It becomes a component part of the paint, and the paint is taxed and the turpentine is not.

Mr. GREEN. Oh, no; I beg the gentleman's pardon. I asked for information and I was reliably informed that naval stores would be taxed.

Mr. CRISP. Mr. Chairman, will the gentleman yield?

Mr. GREEN. Yes.

Mr. CRISP. I know something of naval stores, and a great part of them are exported. Under this bill exports are not taxed, and if they are used in further manufacture they do not pay a tax. The amendment is unnecessary.

Mr. GREEN. The gentleman knows as well as I do that the naval storesmen are going in the hole every day. I hope the amendment will be adopted. In fact, I am informed that these products are not exempt, and I believe this industry should stand on all fours with other agricultural products.

Mr. HARE. Mr. Chairman, I am apprehensive that the House is not fully advised as to the full purport of the amendment offered by the gentleman from Florida. I have the impression that many Members of the House do not recognize turpentine and resin as farm products. In my section of the country turpentine is looked upon as a farm product very much as corn or wheat or cotton. I can best illustrate it by saying that in my boyhood days I assisted in working a turpentine farm. For example, I would plow cotton one day, chip pines the next day, would plow corn the following day, and dip resin the next. We used the same wagons used in our other farm operations in transporting the resin to the still, and we used the same farm team in transporting it to the turpentine still or market. Therefore, it is purely a farm crop. There is no doubt but that the tax will be levied by the man who first processes the resin. The man who distills the resin and places the turpentine on the market will not know whether it is going into a manufactured product or not. He sells it in the raw state. Turpentine is sold primarily in the raw state, and the acting chairman of the committee knows that it is sold primarily by the man who distills it. There is no processing after it passes his hands until it reaches the manufacturer of paint, varnish, or soap, and under the law the distiller would be compelled, as I understand, to pay the tax; but afterwards, if it goes into paint or into soap or into some other product, the second manufacturer would not be required to pay the tax, for the tax is already paid by the original producer and collected from the original producer. I can see a great deal more merit in this amendment than has been credited to it, because if we are going to exempt a farm crop or a farm product or a processed farm product, and I think we should, then turpentine should be included just as flour made out of wheat should be included or just as meal made out of corn should be included. I think the amendment should be adopted. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. GREEN].

The amendment was rejected.

Mr. CRISP. Mr. Chairman, I have no desire to cut off amendments, but some of the gentlemen who are on the other side of this bill have asked me to see if we could not get some agreement as to the closing of debate on this amendment and all amendments thereto. So, Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto shall close at 2 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia [Mr. CRISP]?

Mr. LaGUARDIA. Mr. Chairman, reserving the right to object—

Mr. BLANTON. Mr. Chairman, reserving the right to object—

Mr. CELLER. Mr. Chairman, regular order.

Mr. CRISP. Mr. Chairman, then I move that all debate on this amendment and all amendments thereto be closed at 2 o'clock. That does not prevent the offering of amendments which it is desired to offer.

Mr. MAPES. Mr. Chairman, before that motion is put, will the gentleman permit me to ask a question?

Mr. CRISP. I yield.



Mr. MAPES. There seems to have been a disposition on the part of a great many Members to offer amendments to the amendment which the gentleman from Georgia has offered, to exempt from the sales tax certain articles of manufacture. I am interested in offering an amendment—

Mr. BLANTON. Mr. Chairman, I ask for the regular order.

Mr. MAPES. Will the gentleman not withhold that for a moment?

Mr. BLANTON. Well, we would all like to make a speech on this. Regular order, Mr. Chairman.

The CHAIRMAN. Regular order is demanded.

The question is on the motion of the gentleman from Georgia [Mr. CRISP] that all debate on this amendment and all amendments thereto shall close at 2 o'clock.

The motion was agreed to.

Mr. LANKFORD of Virginia offered an amendment, which the Clerk reported, as follows:

At the end of the committee amendment offered by Mr. CRISP add the following paragraph: "Shipping containers for farm and garden products produced in the United States."

Mr. CRISP. Is that not the substance of an amendment that has already been adopted?

Mr. LANKFORD of Virginia. No; I think not. My intention was only to include crates for strawberries, kale, potato barrels, and things like that. I am willing to put in the words "wooden containers" in order to try to get the amendment in line with the thought which the gentleman suggested he would not object to a few moments ago.

Mr. CRISP. I think the amendment offered by the gentleman from Georgia [Mr. Cox] covers the situation.

Mr. LANKFORD of Virginia. I was unable to ascertain just what his amendment provided.

Mr. CRISP. The gentleman from Georgia [Mr. Cox] offered an amendment which I stated I had no objection to, and I think it meets the situation.

Mr. LANKFORD of Virginia. Mr. Chairman, may I at this time in my time find out what that amendment provided?

Mr. CRISP. It provided as follows:

Crates, baskets, boxes, bags, and other containers for handling, packing, and shipping fruits and vegetables.

Mr. LANKFORD of Virginia. I was not able to hear it before.

Mr. Chairman, I ask unanimous consent to withdraw the amendment which I offered.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. HOUSTON of Hawaii offered the following amendment:

On page 226, line 2, after the word "State," insert the word "Territory."

The CHAIRMAN. The attention of the Chair has been called to the fact that this amendment is not germane at this point. The gentleman can offer it later.

Mr. LA GUARDIA offered the following amendment, which the Clerk reported, as follows:

At the end of the Crisp amendment, as amended, add the following:

"Provided, That all materials and articles used in the manufacture of articles herein specifically exempted shall likewise be exempt from the manufacturers' excise tax herein imposed."

Mr. LA GUARDIA. Mr. Chairman, yesterday or the day before, when the committee announced the exemption of this tax on clothes and food and farm implements, it was generally believed that all such articles were absolutely exempted. Upon looking up the law and upon conferring with officials in the Treasury Department, as well as members of the committee, we find it is not entirely so and that the limited exemptions are a very small concession. For instance, the minute that clothes and garments and suits are exempted, the tax reverts back to the textiles, to the buttons, to the linings, to the trimmings, and everything that goes into a suit, including fuel, light, and heat. The minute the tax on

shoes is exempted, the tax reverts back to the leather and everything that goes into a shoe. Therefore I submit that if this exemption is offered in good faith—and I know the gentleman from Georgia is acting absolutely in good faith—some one has slipped in a joker. If we are to exempt food, clothes, and wearing apparel, let us have an honest-to-goodness exemption and exempt everything that goes into the making of such exempt articles. [Applause.]

Mr. CRISP. Mr. Chairman, I will only take about two minutes. There is no joker in this amendment.

The committee knew what it was doing. There was no intention of exempting materials, because such an exemption is not capable of being administered. If we strike out everything in the bill there will be no base on which to compute a tax. The last statistics show the volume of business to be \$60,000,000. To-day, with the exemptions we have recommended, you will compute the two and a quarter per cent tax on a base of about \$20,000,000. I hope the amendment will not be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. LA GUARDIA) there were—ayes 37, noes 91.

So the amendment was rejected.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: At the end of the committee amendment offered by Mr. CRISP, add "(7) ice."

The CHAIRMAN. The gentleman from Texas is recognized for two minutes.

Mr. BLANTON. Mr. Chairman, to save my life, I can not understand why this bill should contain a provision to tax ice. The purpose of my amendment is to prevent a tax on ice. There should be no tax on ice.

Ever since I have been in public life I have been making an earnest uncompromising fight to force all necessities to be furnished the people at the lowest cost possible. The people should get electric light and current at the lowest price possible. They should get gas and other fuel at the lowest price possible. They should get their water at the very lowest possible price. They should have transportation on street cars, busses, and railroads at the very lowest cost possible. And they should have their ice at the lowest price possible.

In my State ice has been sold at the cities of Waco, Austin, and San Antonio at 20 cents per hundred, while in some cities controlled by monopolies it is still sold for 50, 60, and even 75 cents per hundred, which is outrageous.

Mr. Chairman, ice is no longer a luxury. Every poor family in the United States should have ice as cheaply as they can get it, just the same as anybody else. In many places the local water is absolutely unfit to drink unless it has ice in it during the summer months. Why should not ice be exempt from this tax?

Mr. CRISP. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. CRISP. Under such an amendment we will lose about \$3,000,000. I have no objection to the amendment.

Mr. BLANTON. Then, Mr. Chairman, since the gentleman from Georgia [Mr. CRISP], the chairman of the committee, evidences a willingness to accept my amendment, I do not care to use any further time in discussing it, but will ask for a vote on it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

Mr. SCHAFER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER to the committee amendment: Strike out all after the word "sirup" in the amendment and insert a comma and add the following: "liquid malt and malt extract, fluid, solid, or condensed."



The CHAIRMAN. The gentleman from Wisconsin is recognized for three minutes.

Mr. SCHAFER. Mr. Chairman, in three minutes I can merely scratch the surface of this great fundamental principle. The Committee on Ways and Means has recognized the fact that malt sirups are a food product by including them in their list of exemptions when sold to bakers in containers of not less than 50 pounds. Under that exemption a baker who purchases a 50-pound container will not have to pay the 2½ per cent sales tax, but the little baker and housewife baker will have to pay an extortionate sales tax of approximately 30 per cent under another section of the bill. The big baker who purchases a 50-pound container will get the benefit of the exemption while the housewife with five or six half-starved children who desires to bake bread and other foods for her family, as contained in this voluminous book of recipes, will have to pay a sales tax of 30 per cent. Unless my amendment is adopted you are also going to take powdered malt sirup like that contained in this can and make the purchaser pay a 30 per cent sales tax thereon. You are going to make those who can not keep body and soul together pay a tribute under a 30 per cent sales tax on malt sirups which are used for food and malted milk as well as to manufacture home-brew. I certainly hope that in the name of justice my amendment will be adopted so as to prevent the indefensible sales tax of 30 per cent on essential foods of the American people.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Add to the committee amendment a new subsection, as follows:

"Kitchen utensils and household articles used in the cooking and preparation of food and foodstuffs for human consumption."

The CHAIRMAN. The gentleman from New York is recognized for two minutes.

Mr. PARKS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PARKS. May I inquire of the Chair under what rule the Chair recognizes Members for two minutes?

The CHAIRMAN. By agreement with the gentleman who proposed the amendment, otherwise the gentleman would be recognized for five minutes under the rules of the Committee of the Whole.

Mr. CELLER. Mr. Chairman, we have declared exempt under the committee amendment agricultural products. We have been dealing very fairly with the agricultural population. I appeal to you now for the teeming millions in the metropolitan centers, a center like New York, from whence I come. I ask that when food is prepared in the kitchen that the media by which it is prepared shall be exempted. We have exempted food, we have exempted clothing, and I think we should go further and exempt the articles by which the food is cooked or boiled in the kitchen.

I appeal to you in this regard for the housewives of the Nation, not only in the cities but also in the country, and ask that my amendment prevail.

The CHAIRMAN. The question is on the amendment of the gentleman from New York.

The amendment was rejected.

Mr. MILLARD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLARD: Add a new paragraph to the committee amendment offered by Mr. CRISP and insert "the flag of the United States."

Mr. MILLARD. Mr. Chairman, I notice with great approval that the committee has exempted Bibles, the books of the Old Testament and the New Testament, rosaries, chaplets, medals, and similar articles of religious devotion. Next to religion comes patriotism, and my amendment is to exempt the American flag. There should not be a tax on patriotism. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. GIFFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GIFFORD to the committee amendment: After the word "machinery" insert "together with implements and machinery used in the fishery industries."

Mr. GIFFORD. Mr. Chairman, it should not take more than a minute to convince this House that the fishery industry does nothing but produce food. The fishermen now use power in their small boats, and it is an industry where they work harder, run more risks, and engage in a far more dangerous calling than does the farmer. I think it could only have been an inadvertence on the part of the committee that they were not exempted. Certainly, no lengthy argument ought to be necessary now that the committee has exempted the agricultural interests, who are far better off than those who engage in the fishery industry. I urge that this amendment be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. GIFFORD) there were—ayes 40, noes 73.

So the amendment was rejected.

Mr. NOLAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. NOLAN: Add to the list of exemptions in the Crisp amendment "sales of trusses, artificial limbs, and orthopedic appliances."

Mr. NOLAN. Mr. Chairman, I can not believe that when the committee eliminated necessities from this bill they had any idea of imposing a tax upon these appliances that the crippled, the maimed, and the disabled are forced to use because of their misfortune; and orthopedic appliances are used largely to correct deformities of crippled children.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The amendment was agreed to.

Mr. BLAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Amend the committee amendment offered by Mr. CRISP, as amended, by adding a new subsection, as follows:

"Sales of containers used for shipping any sea-food products shipped for consumption as food."

Mr. BLAND. Mr. Chairman, the only purpose of this amendment is to bring the sea-food industry in line with the agricultural industry, and make the same application to the sea-food products which has been made to fruits and vegetables. I regret that the limit of time which has been fixed by the committee will not permit full discussion of this amendment. Certainly the same rule that applies to fruits and vegetables should apply to sea-food products, which constitute a large part of the food of the country and at reasonable rates. The industry is suffering as severely as other industries, the men engaged have much work and small profits, with frequently no profits at all, and they should not be burdened further. The burden is one that they could not pass on, but would be compelled to absorb.

The question was taken, and the amendment was rejected.

Mr. GRANFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GRANFIELD: At the end of the committee amendment add the following new paragraph:

"(8) Coal and wood of all kinds for use as fuel in the home."

Mr. GRANFIELD. Mr. Chairman, the amendment which I have just offered provides that coal and wood of all kinds used as fuel in the home be exempted from the imposition of the 2½ per cent tax. This is a very proper and necessary amendment.

The distinguished gentleman from Georgia [Mr. CRISP], in behalf of the Committee on Ways and Means, has recommended that foods, clothing, and medicine be tax exempt. Just a few moments ago the distinguished gentleman from Texas [Mr. BLANTON] offered an amendment which would



include ice in the list of exemptions. I am impressed that coal and wood are in the same category as food, clothing, and medicine, and ice, and for that reason I offer this amendment.

I wish, further, to call to the attention of the House that coal and wood are the poor man's fuel, and that to-day many of our citizens are buying coal and wood by the bag. I regard these commodities just as necessary to the welfare of our people as other necessities of life, and I trust the House will adopt my amendment.

Mr. ABERNETHY. Will the gentleman yield?

Mr. GRANFIELD. I yield to the gentleman from North Carolina.

Mr. ABERNETHY. What does the gentleman's amendment cover?

Mr. GRANFIELD. My amendment covers coal and wood used only in the home for fuel purposes.

Mr. ABERNETHY. Does the gentleman think that ought to be taken off?

Mr. GRANFIELD. Yes. I am convinced that the exemptions which are provided for by my amendment should be accepted by the House. Without any question a tax on coal and wood is a burden which will be borne by the poorer class of our people. This class should not be forced to bear a tax of this character during these times of great financial distress. Most of our people are having all they can do to obtain sufficient money to purchase the bare necessities of life. I trust the amendment will be adopted.

Mr. McCORMACK. Will the gentleman from Massachusetts yield?

Mr. GRANFIELD. I am happy to yield to my colleague.

Mr. McCORMACK. I hope the committee will accept it.

Mr. CRISP. I have no objection.

Mr. LEWIS. Mr. Chairman, I wish to offer a substitute, exempting coal entirely.

The CHAIRMAN. The Chair will state to the gentleman that that would be an amendment in the third degree. The question is on the amendment offered by the gentleman from Massachusetts [Mr. GRANFIELD].

The question was taken; and on a division there were 87 ayes and 7 noes.

So the amendment was agreed to.

Mr. LEWIS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Add at the end of the Crisp amendment a new paragraph, as follows:

"Sales of coal."

Mr. LEWIS. Mr. Chairman, ladies, and gentlemen, I will make no argument in one minute on this subject, but I will try to give you the coal statistics, from which you can derive your own argument.

The statistics show that the anthracite coal of 1929 brought \$400,000,000 in round numbers, and the bituminous coal brought \$1,000,000,000 in round numbers. Perhaps one-third of the bituminous coal produced goes into manufacture, so that would be caught later in the tax. The exempting amendment just adopted, just restricted to coal used for fuel in the homes, would not cover more than one-third of the coal produced in the United States. It would not reach any of the coal sold to the railroads. They have done more than any other single cause to prevent reasonable coal prices and wreck the coal-mining industry.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland.

The question was taken, and the amendment was rejected.

Mr. HOPKINS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Add to the Crisp amendment, after the word "medicine," the words "animal vaccines and serums."

Mr. HOPKINS. Mr. Chairman, I have offered this amendment, but I desire to ask the chairman of the committee whether the word "medicine" in the Crisp amendment would cover vaccines and serums?

Mr. CRISP. I think the gentleman's amendment is unnecessary, and the Treasury expert agrees with me.

Mr. HOPKINS. Mr. Chairman, I withdraw my amendment.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

Mr. WHITTINGTON. Mr. Chairman, I desire to ask the gentleman from Georgia if under his amendment cottonseed oil would be exempt?

Mr. CRISP. I think there is no doubt about it.

Mr. JOHNSON of Texas. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Add at the end of the committee amendment the following: "Sales of cottonseed oil, peanut oil, or other American-grown agricultural products."

Mr. CRISP. My understanding is that these commodities are used principally for human food, and they are exempt.

Mr. JOHNSON of Texas. These are not always used in food.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. WITHROW. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WITHROW to the Crisp amendment: After the words "(1) sales of food for human consumption," insert "except oleomargarine and other substitutes for butter, but."

Mr. WITHROW. Mr. Chairman, under the provisions of the Crisp amendment as amended oleomargarine and other substitutes for butter are exempt from the provisions of the manufacturers' excise tax. My amendment will place the manufacturers' tax on oleomargarine and other substitutes for butter. In 1931 there were manufactured in the United States approximately 275,000,000 pounds of oleomargarine. This amendment if adopted will bring to the Treasury of the United States more than \$850,000 annually. This will be an aid to dairying, which is one of the basic agricultural industries of the country, and in all fairness I believe this amendment should be adopted.

Mr. CRISP. Mr. Chairman, I hope this amendment will not be adopted. Oleomargarine is the poor man's food, and to-day it bears a 10-cent special tax.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. LANKFORD of Georgia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LANKFORD of Georgia: On page 225, after the committee amendments offered by Mr. CRISP, insert:

"(1) Crosssties, lumber, shingles, and other forms of construction material manufactured or produced from timber of any kind.

"(2) Turpentine, resin, and all other naval-stores products.

"(3) Cottonseed meal, cottonseed oil, and all other forms of prepared or processed cottonseed products."

Mr. LaGUARDIA. Mr. Chairman, I make the point of order that the amendment contains subject matter that has been already passed upon by the committee.

The CHAIRMAN. The point of order is overruled.

Mr. CHINDBLOM. Mr. Chairman, I make the point of order that it is not offered in the proper place in the pending amendment. We have adopted numerous amendments to the Crisp amendment.

The CHAIRMAN. The point of order is overruled. The question is on the amendment offered by the gentleman from Georgia.

The amendment was rejected.

The CHAIRMAN. The question now is on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. HARLAN. Mr. Chairman, I offer the following amendment, which I send to the desk.



The Clerk read as follows:

Amendment offered by Mr. HARLAN: Page 226, after line 6, add a new subparagraph, to be numbered consecutively, as follows:  
"Sales to municipally or privately owned or operated railways which furnish urban, suburban, interurban, or other transportation service as common carriers."

Mr. HARLAN. Mr. Chairman, the purpose of this amendment is to try to save for labor and for public service a great many of our common carriers that are now hanging on through receiverships. Every common carrier that operates on rails has everything to purchase that the bus lines have to purchase, and, in addition to that, has to purchase a great many commodities that the bus lines do not purchase. We have all witnessed our railway lines, urban and interurban, and our street-railway lines going out of business or going into the hands of receivers. A short time ago we passed a Reconstruction Finance Corporation bill to lend money to keep these organizations going, and now we are about to pass a bill to tax the things they buy in such a way as to destroy them.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?  
Mr. HARLAN. Yes.

Mr. CONNERY. Has the gentleman drawn his amendment carefully enough to take care of these street-car lines which are practically going broke, but at the same time to not exempt these street-car companies?

Mr. HARLAN. My amendment does not have anything to do with the power companies. I am not talking about power. Everything that is purchased by any common carrier, street-car line, interurban line, or railroad that goes on rails is embraced within my amendment. If we do not do something of that kind, then the securities invested in these companies are not going to be worth anything in the very near future. Of course, we have helped them a little. The Pennsylvania Railroad Co. has made a big loan to electrify their lines, and now we turn around and put a tax on the commodities they are going to buy. It seems to me in the interest of the public that are using our street-car lines, in the interest of the companies themselves, and the investors, this amendment ought to be adopted.

Mr. RAINEY. Mr. Chairman, this amendment will lose \$40,000,000. It will lose twice as much as all of the other amendments we have adopted to-day will lose. We have just made an appropriation of \$500,000,000 under the Reconstruction Corporation bill, and a large part of that is going to the railroads. We have done enough for the railroads for one session of Congress.

Mr. SHANNON. Mr. Chairman I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SHANNON. Mr. Chairman, there is a large continuing annual national deficit due to the maladministration of the affairs of Government during the past 11 years. This should not be charged to the Republican Party as a whole, but should be laid specifically to the billionaire wing of that party, which brazenly took charge of this Nation some 11 years ago, with Andrew Mellon at the helm.

Whether Mr. Mellon was acting through Mr. Harding, Mr. Coolidge, or Mr. Hoover, the result was the same. His efforts were directed to the service of only one class of the American people—the cult of Mammon. Mr. Mellon's selection was an unfortunate departure from the traditions of the past. Before the advent of Mellonism the men who held the great key place of Government as Secretaries of the Treasury had never been possessed of stupendous wealth.

Commencing with Alexander Hamilton, of the Washington administration, down to Andrew Mellon, of the Harding administration, the men who have held this important post have been, as a rule, men of limited means but great in their knowledge of finances. This can be seen by a review of the names of those who have held this position since the beginning of our Government.

The big rich prior to 1921, in dealing with government, had to act through a Secretary of the Treasury chosen from the ranks of the people, and one whose wealth was not sufficient to separate him from them.

Mr. Mellon took charge just 11 years ago. He recently slipped out under cover of darkness. Then the thing that definitely fixes the present administration as being wedded to a government of the big rich is the selection of Mr. Mellon's successor. Mr. Ogden Mills was not selected from the ranks of the moderately well-to-do, as those great Secretaries of the past, such as John Sherman, John G. Carlisle, and men of that stamp, but Mr. Mills was cut off the same piece of cloth as Mr. Mellon. Well might it be said that he is a worthy representative of the big rich and fits into Mellon's shoes perfectly. Mr. Mills, like Mr. Mellon, is a man of fabulous wealth.

I wish to read here the names of those who have in the past held the important position of Secretary of the Treasury:

*Secretaries of the Treasury*

Presidents	Secretary of the Treasury	Residence	Appointed
Washington	Alexander Hamilton	New York	1789
Do.	Oliver Wolcott, jr.	Connecticut	1795
Adams	do	do	1797
Do.	Samuel Dexter	Massachusetts	1801
Jefferson	do	do	1801
Do.	Albert Gallatin	Pennsylvania	1801
Madison	do	do	1809
Do.	George W. Campbell	Tennessee	1814
Do.	Alexander J. Dallas	Pennsylvania	1814
Do.	William H. Crawford	Georgia	1816
Monroe	do	do	1817
J. Q. Adams	Richard Rush	Pennsylvania	1825
Jackson	Samuel D. Ingham	do	1829
Do.	Louis McLane	Delaware	1831
Do.	William J. Duane	Pennsylvania	1833
Do.	Roger B. Taney	Maryland	1833
Do.	Levi Woodbury	New Hampshire	1834
Van Buren	do	do	1837
Harrison	Thomas Ewing	Ohio	1841
Tyler	do	do	1841
Do.	Walter Forward	Pennsylvania	1841
Do.	John C. Spencer	New York	1843
Do.	George M. Bibb	Kentucky	1844
Polk	Robert J. Walker	Mississippi	1845
Taylor	William M. Meredith	Pennsylvania	1849
Fillmore	Thomas Corwin	Ohio	1850
Pierce	James Guthrie	Kentucky	1853
Buchanan	Howell Cobb	Georgia	1857
Do.	Philip F. Thomas	Maryland	1860
Do.	John A. Dix	New York	1861
Lincoln	Salmon P. Chase	Ohio	1861
Do.	William P. Fessenden	Maine	1864
Do.	Hugh McCulloch	Indiana	1865
Johnson	do	do	1865
Grant	George S. Boutwell	Massachusetts	1869
Do.	Wm. A. Richardson	do	1873
Do.	Benjamin H. Bristow	Kentucky	1874
Do.	Lot M. Morrill	Maine	1876
Hayes	John Sherman	Ohio	1877
Garfield	William Windom	Minnesota	1881
Arthur	do	do	1881
Do.	Charles J. Folger	New York	1881
Do.	Walter Q. Gresham	Indiana	1884
Do.	Hugh McCulloch	do	1884
Cleveland	Daniel Manning	New York	1885
Do.	Charles S. Fairchild	do	1887
B. Harrison	William Windom	Minnesota	1889
Do.	Charles Foster	Ohio	1891
Cleveland	John G. Carlisle	Kentucky	1893
McKinley	Lyman J. Gage	Illinois	1897
Roosevelt	do	do	1901
Do.	Leslie M. Shaw	Iowa	1902
Do.	George B. Cortelyou	New York	1907
Taft	Franklin MacVeagh	Illinois	1909
Wilson	William G. McAdoo	New York	1913
Do.	Carter Glass	Virginia	1919
Do.	David F. Houston	Missouri	1920
Harding	Andrew W. Mellon	Pennsylvania	1921
Coolidge	do	do	1923
Hoover	do	do	1929
Do.	Ogden L. Mills	New York	1932

The sales tax is a movement of the big rich to displace from their shoulders the burden that rightfully belongs there. This is no time to put additional taxes on the masses. The people are already overburdened with taxes.

No additional burden should be placed on any class or on anyone if it can be avoided. Additional taxes can be avoided. Issue 10-year 3½ per cent interest Government bonds, one-fifth payable each two years, for the full amount of the anticipated deficit, with income from bonds exempt from income taxes. Then ascertain the lowest estimate of Federal income for the next two years, and deduct 20 per cent from this estimate; abolish enough bureaus, commissions, and sinecures, and cut expenses of all kinds, until Government estimated income will meet the expenses, and then stop. Add no taxes of any kind to any class. The



deficit bonds can be taken care of when times are good in the future. It is unsound to increase taxes if avoidable. This course will meet with the approval of the people and add prestige to this Congress.

Why attempt to wipe out in one year an annual deficit that the administration has allowed to accumulate for almost 12 years? During these years the Government has been squandering the public wealth. Now this is to be a year of jubilee. The people are going to repudiate the nearly 12 years of Government—not of the Republican Party but of the billionaire wing of it.

The soft, willing, and glad hand of the administration was given to the bankers, the railroads, and so forth, in the way of relief. Now the boot is to be given to the thousands of clerks in the Government employ, in the way of salary reductions.

When this revenue bill was first reported, it placed a tax grabber between the mouths of the poor and the grocery store; a stamp between medicine and the sick; and a tax between the shivering body and the clothing store.

The conduct of the administration and of the so-called leaders of this Congress gives an apt illustration of what takes place in legislation when it discriminates between the fortunes of the rich and the daily wants of the poor.

The Chief Executive violated proper conduct in legislation when he had secret conferences with selected Members of this Congress, prior to the convening thereof, and lobbied with and exacted pledges from them. These Members, also, were not doing right, either by the people or this body, in permitting the Executive to bind them. It is now plain that all these preliminary meetings on the part of the administration were for the purpose of financing the financiers who had brought this terrible depression upon the people of this country.

All of these financial measures—the moratorium, the Reconstruction Finance Corporation act, and the Steagall bill—were intended to serve concerns like the Chase National Bank.

How repellent this all is when it is realized that the Chase National Bank was represented in everything that went on in Europe by having on the ground its representatives, as it did when it had Albert H. Wiggin, head of the Chase National Bank, sitting as the American member of a committee to discuss cancellation or reduction of the inter-allied debts. And then the infamy is consummated by the President naming as one of the managing directors of the Reconstruction Finance Corporation a director of the Chase National Bank.

The safety of this Nation and of government in this country is dependent upon having political parties, one to watch the other, with no bipartisan arrangement. It was with amusement that I learned of the bipartisan activities. First, with secret meetings with the Executive; second, with breakfasts with the Executive; and third, as each measure was proposed, a sufficient number slipping over from this side of the Chamber to put through the banking bills. It was with much chagrin that I watched, on many occasions, seasoned old legislative servants of privilege, who had rendered services and granted favors to privilege from year to year, coming over from the other side of the Chamber to congratulate Members on this side whenever a gentleman from this side announced he was going to support a banking measure as a patriotic duty. When a Member from this side would thus commit himself, invariably there was a rush from the other side of these friends of privilege, frequently even following the patriot into the cloakroom to congratulate him. There was so much of this that at first it puzzled me as to which was which, and it reminded me of the old story of days in the past when times were hard and the prudent mothers, to make ends meet, would clothe the boy with trousers patched both fore and aft, so that when you looked at the tow-headed boy on the highway you could not tell if he was going to school or coming home.

When I see those from the minority side going to Members on the majority side and congratulating them as patriots I would not know which was which except for this: When

those from the other side come over to this side it is with a solemn mien, and with a more solemn declaration they take the hand of the obliging and serving Member from this side and congratulate him on his patriotism; but when they depart I can distinguish them, because they have a smirk of joy on their faces, as much as to say, "We have another one of them."

To me there is danger to this Republic from those gentlemen "whose politics are cross-eyed, whose right political foot is on the left political leg," who pose as Democrats and vote as Republicans.

This Congress seems to feel that it must be most respectful of Mammon. The great jurist, Jeremiah S. Black, once said:

Wealth always did make it to everybody's interest to stand well with it. Wealth is power, and power is always honored. It is said of Satan himself that he is sometimes worshiped for his burning throne.

Capital jealously guards her interest, and is cruel in the exercise of her power, and cowardly withal.

There should be less lip patriotism on the part of the Members of this Congress and more common sense exercised in action.

Government by the big rich, through its Mellons, has proven a colossal failure.

This Congress has taken care of the big bankers; this Congress has taken care of the big insurance companies; this Congress has taken care of the steam railroads; but this Congress has been woefully negligent of the rights of the individual and the struggling little merchants of our Commonwealth.

From Springfield, Mo., Mr. J. W. Brownlow, of the Hermann-Brownlow Co., referring to the sales tax, writes me of this case:

Although harness leather and all harness goods are being sold to the farmers at about one-half of the price that he paid a few years ago the low price of his products makes it a serious burden on him if he buys the equipment he needs, and he is not in a position to assume this extra burden that this tax imposes on him.

As an illustration, a few days ago a farmer came into our store and wanted to buy a horse collar. We sold him this collar for \$2.25. He had just sold a case of eggs consisting of 30 dozen for 7 cents per dozen, or \$2.10. Therefore, he lacked 15 cents of getting as much for the 30 dozen of eggs as he paid for the horse collar. A few years ago the price of this collar was \$4.50. However, at that time if this farmer had brought his 30 dozen of eggs into town he could have sold them for 30 cents per dozen, or \$9, and he could have paid \$4.50 for the horse collar and still had \$4.50 left in money. This is a good illustration of what the farmer is up against in buying equipment in order to produce his crops.

What bothers me is where the farmer will get the additional 15 cents to complete the sale for the horse collar. I know very well he will not get it from the Chase National Bank, nor from the Reconstruction Finance Corporation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. HARLAN].

The amendment was rejected.

Mr. HOUSTON of Hawaii offered an amendment, which the Clerk reported, as follows:

Amendment offered by Mr. HOUSTON of Hawaii: Page 226, line 2, after the word "State," insert the word "Territory."

The amendment was agreed to.

Mr. CRISP. Mr. Chairman, when I moved a few minutes ago to close debate on my amendment and all amendments thereto, I overlooked also saying closing debate on amendments offered to the paragraph. Now, I move that all debate on the paragraph and all amendments, and this does not apply nor is it intended to apply to the motion of the gentleman from North Carolina [Mr. DOUGHTON] to strike out the amended paragraph—I move that all debate on the paragraph be now closed.

The motion was agreed to.

The CHAIRMAN. The gentleman from North Carolina [Mr. DOUGHTON] is recognized on his motion to strike out the paragraph.

Mr. DOUGHTON. Mr. Chairman, I would like to see if we can not reach some understanding with the gentleman



from Georgia, the acting chairman of the committee, as to the debate on my motion to strike out the paragraph.

Mr. CRISP. The gentleman will find me quite acquiescent to closing debate as soon as possible. I welcome a suggestion from the gentleman.

Mr. DOUGHTON. Several gentlemen have expressed the hope that they could have some time. Would 30 minutes on a side be agreeable?

Mr. CRISP. I will agree to it or will agree to less.

Mr. DOUGHTON. I will suggest 20 minutes on a side.

Mr. Chairman, I ask unanimous consent that the debate on my amendment be limited to 20 minutes on a side, 40 minutes in all.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. SCHAFER. Mr. Chairman, I object.

Mr. CRISP. Mr. Chairman, I move that the debate be closed on the motion of the gentleman from North Carolina in 40 minutes, and, of course, I know the Chair will divide the time equally between those for and against.

Mr. BYRNS. Mr. Chairman, I make the point of order that there has been no debate on this amendment, and therefore the motion for the present is out of order.

Mr. CRISP. The gentleman from North Carolina [Mr. DOUGHTON] has taken the floor, he has been recognized, and he has said a few words and made a unanimous-consent request. If the gentleman from Tennessee wishes to be technical, so will I.

Mr. BYRNS. Mr. Chairman, I have been in committee attending to other matters, and I would like to have a little time on this amendment myself. [Applause.] I do not think we ought to cut off debate in this fashion.

Mr. CRISP. Well, I had hoped the gentleman from Tennessee would use five minutes of the time.

The CHAIRMAN. The Chair will state to the gentleman from Tennessee that he will recognize him for five minutes.

Mr. RANKIN. Mr. Chairman, I offer an amendment to the motion, that the time be extended to 30 minutes to the side.

Mr. CRISP. I have no objection to that.

The CHAIRMAN. The gentleman from Mississippi offers an amendment to the motion of the gentleman from North Carolina that the time be limited to 1 hour—30 minutes on a side.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question is on the motion of the gentleman from Georgia.

The motion was agreed to.

The CHAIRMAN. The gentleman from North Carolina is recognized for five minutes.

Mr. DOUGHTON. Mr. Chairman, the purpose of my amendment is to eliminate the sales-tax provision of the pending bill. My reason for opposing a sales tax is that I know it is unsound in principle and will be harsh, burdensome, and unjust in its operation. It contravenes every accepted theory of taxation. Not even in the emergency of the great World War did our Government seriously consider such a tax. The war emergency tax measures unanimously adopted under the leadership of the great Claude Kitchin as chairman of the Ways and Means Committee; the gentleman from Illinois, HENRY T. RAINEY; Hon. Lincoln Dickson; CORDELL HULL; J. N. GARNER; J. W. COLLIER; C. C. DICKINSON; W. A. Oldfield; CHARLES R. CRISP; on the Democratic side; and with such distinguished Republicans as the late Joseph W. Fordney, and William R. Green, both of whom later became chairmen of the Ways and Means Committee—none of these gentlemen, so far as I know, ever suggested a sales tax in that crisis in our Nation's history.

Are we willing now, with our boasted wealth, to admit that conditions are so desperate and that other sources of taxation have been exhausted and are inadequate and we must violate the time-honored policy of our Government, as advocated by both the great parties, and adopt a sales tax? Are we Democrats willing to make a record in this House, after being out of power for 12 years, and accept the responsibility for the enactment of the sales tax, notwithstanding the fact

that such bill has been recommended by the Ways and Means Committee? I served notice when the bill was reported by the committee that I would offer an amendment to strike out this part of the bill; and if it were not stricken out, that I would vote against the bill on final roll call. But I say, are we Democrats willing to take the responsibility for foisting on the country at any time a sales tax—a policy we have always opposed and severely condemned? What would, or could be, our justification for such course before the people? Surely we could not justify it in "peace times" if we did not resort to it in the greatest emergency of our Nation's history.

And to you, Republicans—my friends on the minority side—may I say, are you willing to go before your constituents in the coming campaign and explain how it is that you, the party of boasted prosperity, having capitalized the "prosperity" issue in every campaign since the days of President Cleveland—are you willing to have it made a matter of public record that, as a result of 12 years of unbroken service and control in every branch of the Government, the country is so bankrupt and the Treasury so depleted that you are forced to vote for a sales tax—a tax on consumption and the necessities of life—in order to save the credit of the Government?

Remember, if you do this, you will be writing on the statute books of the Nation a record that you never can explain—never can justify—and it can be justly capitalized as a campaign issue against you for generations. But let me make this prediction: If this sales-tax provision remains in the bill and becomes a law, you Republicans will not only have to take the blame for its necessity, if there be one, but also the responsibility of its enactment; for certainly a majority of the Democrats in this House will by their action this day demonstrate that they not only do not approve but will not accept this unjust, unreasonable, unnecessary, and unconscionable form of taxation. Who are urging this sales tax anyway and where did it have its birth or inception? That Andrew Mellon, William Randolph Hearst, and the millionaires and multimillionaires have had for their sole purpose and determination for years to get a sales tax fastened on the country in order that they may be relieved of paying income taxes, everyone knows. Its proponents now say it will only be temporary; but, verily, verily, I say unto you, that the influences that are now so desperately striving to have this sales tax written into this bill will, if successful, be sufficiently potential with all the facilities and resources at their command to prevent its repeal. Oh, but the committee says they have made certain exemptions which greatly improve the bill; but while these exemptions will, of course, modify some of the harsh features of the bill, still we should say to such suggestions, "Get thee behind me, Satan." These exemptions are not offered by the committee because they desire or are willing to offer them but because they saw certain defeat and hoped by this strategy to beguile us into swallowing the sales tax. But, my comrades—on both sides of the aisle—you with whom I have fought in this desperate battle—let me now appeal to you—those of us who have stood together and forced these concessions—that we still stand shoulder to shoulder and defeat the entire iniquity. The people of the country expect us to do this. Small manufacturers of the country are all opposed to a sales tax; the farmers are opposed to it; the farm organizations, to wit: The American Farm Bureau Federation, the National Farmers Union, the National Grange, also the Consumers Council, the American Federation of Labor, the Railway Laborer Executives' Association—in fact, all farm organizations and all labor organizations in the United States—are up in arms and have addressed communications to Congress protesting against this legislation.

Now is the time and the accepted time to demonstrate to the American people that their Representatives have heard their voice and know their will and will obey it. Let us kill it now, kill it dead, and trust it is killed forever.

We are told that a sales tax has worked successfully in Canada. This may be true from the standpoint of raising revenue; but I am reliably informed there is a great deal of dissatisfaction among the consumers. However, the Canadian



law bears very little similarity to the sales-tax provision of this bill. In Canada it is primarily a luxury tax; in fact, almost everything that could be classed as a necessity is exempted—the list is too long to mention—there are thousands of exemptions.

I had thought, and am still of the opinion, that there is enough statesmanship in the United States to write our own tax laws without modeling them after Canada, Australia, Czechoslovakia, or even Spitzbergen.

I see in the papers this morning we are told that unless we accept the sales tax we will be forced to accept the recommendations made by the Treasury Department. They try to get us to vote for this bill first by sugar-coating it with a few exemptions, and, failing in this, they then threaten us with what they say is something even worse; but let me say in answer that when we defeat the sales tax we will resist to the limit the imposition of other unsatisfactory taxes. The duty of the hour is to defeat the sales tax, and cross other bridges as we come to them.

[Here the gavel fell.]

Mr. RAINEY rose.

The CHAIRMAN (Mr. O'CONNOR). The gentleman from Illinois is recognized for five minutes.

Mr. RAINEY. Mr. Chairman, ladies and gentlemen of the committee, this, of course, is the crucial point in the manufacturers' sales-tax proposition. If the amendment offered by the gentleman from North Carolina carries, it absolutely destroys the manufacturers' sales-tax provision of this bill.

The exemptions you have made this morning amount to a little less than \$20,000,000. You made some other exemptions recently, but as nearly as the experts are able to figure out the exemptions already made, if you vote for this proposition, you leave over \$500,000,000 that you must yet raise by some other kind of taxation than the manufacturers' sales tax.

We have exempted food and clothing, farm machinery, and medicines. This morning we exempted malt sirup used in milk and medicines. We have exempted agricultural products. We have exempted all those things which affect agriculture and those things which affect power.

I have been following the debates, and I am satisfied the fight to balance the Budget has been won. You are going to balance this Budget, but if you vote for the Doughton amendment these are the kinds of taxes you must vote for—something like the following: Increased postage, a tax on automobiles—of course, you are all against this, but if you are to balance the Budget you can not avoid these taxes—a stamp tax on checks, taxes on telephone and telegraph messages, and taxes on gasoline, or something of that kind. You have an immense amount to raise, gentlemen, and there may be also taxes on conveyances of real estate.

Of course, we had no sales taxes during the war, as the gentleman from North Carolina has suggested. There were no sales taxes anywhere in this world during the war. Along toward the close of the war Germany adopted them, and France followed, and then after the war every other great nation in the world, trying to find some method of taxation to meet the urgent needs of government, except the United States and Great Britain, adopted the manufacturers' sales tax, and it all came after the war. But during the war we had these objectionable taxes to which I have been calling attention, and when you vote for this motion you are voting for the kind of taxes we had during the war, and which I have endeavored, in part, to enumerate to you to-day.

We now take our choice and we go back to our constituents and we make our defense, if we can.

Mr. CONNERY. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. CONNERY. All along in the consideration of this tax bill we go along seemingly under the impression that it is absolutely necessary to balance the Budget. Does the gentleman think it is absolutely necessary that we take all this money off of the American people simply to balance the Budget or that it is not absolutely necessary to do that?

Mr. RAINEY. Oh, it is absolutely necessary to balance the Budget. At the end of this year we will have an added interest charge of \$210,000,000. We can not borrow now except on short-term loans of 7 months or 1 year. This Government can not borrow money at four and a quarter per cent on long-term loans. Every business is depressed in this country, and it is depressed because this great Government of ours can not sell its securities on the market. [Applause.]

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I did not expect to have anything to say on this subject. I regret very much that I am unable to agree with the distinguished gentlemen upon the Ways and Means Committee who have reported this bill, but I can not surrender the convictions of a lifetime [applause] nor can I forget that the Democratic Party has consistently throughout its career, except in a war-time emergency, opposed anything like a sales tax. [Applause.] It so declared in 1924, and the party to which I belong has always stood for taxation upon those who are best able to bear it.

I am opposed to the sales tax on principle. I am opposed to it because it promotes extravagance in appropriations. [Applause.] It is too easily imposed, it is too easily collected, it is too easily and cheaply collected not to promote extravagance in our legislative bodies, and for that reason I am against it.

Why, they tell us it is necessary to impose this tax in order to balance the Budget. Gentlemen, I have never subscribed to that idea for one moment. For two or three years we have been laboring under a deficit, and you can not make me believe that the credit of our Government and the credit of business are going to fail merely because we do not balance the Budget on June 30, 1933! Why not impose a reasonable tax upon wealth and upon business and upon all those who are best able to stand it and then issue certificates for the balance until this Government gets in a better condition to pay for its current operations. [Applause.] The issuance of certificates of indebtedness would not serve to depress the price of our Government's securities. Only recently a very large amount of certificates was oversubscribed to a great extent. The people and the country ought to be permitted to recover to some extent before we rush into an imposition of taxes which they are so little able to pay at this time. This country has such resources and such great wealth that it seems preposterous to me for anyone to argue that unless the Budget is balanced within the next year our credit will fall and chaos result.

The people of this country, and particularly those who are now finding it so hard to procure the actual necessities of life, should not be expected to take care of the great orgy of extravagance and expenditures of the last 10 years in the short space of a year. This argument that the Budget must be balanced found its origin among those who have been seeking for years to impose the sales tax in order to be relieved of the income tax, and it has been repeated so often that it has been accepted as a fact by many. Mr. Arthur Brisbane, the great columnist and editor, said the other day:

Like children with a puzzle trying to get one metal ring out of another, this country is intent on "balancing the Budget." An additional income tax that discourages initiative, taxation of theaters already in distress, and a thousand other plans are suggested to "balance the Budget" and unbalance business generally. Why balance the Budget? When a man is sick you do not make him run a mile. You wait until he is better. Why not borrow what the Government needs beyond its normal income, issuing bonds and calling them in gradually as conditions improve? It is said, "We must balance our Budget to maintain credit with foreign nations." Why worry about foreign nations? If they paid what they owe, our Budget would be balanced easily.

I want to tell you, gentlemen, if you impose this sales tax, you will be confronted with the proposal to repeal the income tax and the Federal corporation tax in a very few years. [Applause.] Put the nose of this camel under the tent, even for a small period of time, and the same arguments will be used here a year from now or two years from now in order to retain it upon our statute books.



Let me read to you a paragraph from a letter which I received from the Philadelphia Board of Trade, in which an officer of that board frankly expresses his position and the position of the board with reference to the income tax. He says:

On the question of a final sales tax, so specified to avoid duplication or pyramiding of taxes, it is conceded, as we understand it, that in the event Congress does—and we sincerely hope it will—enact the sales-tax legislation, that automatically Congress will repeal the Federal income and the Federal corporation taxes.

Let me say to you gentlemen who have stood on Democratic platforms, if you please, you gentlemen who have advocated an income tax upon every stump in your districts and in your States and throughout the country, that in undertaking to impose a sales tax as a policy of this Nation you are lending yourselves, unintentionally, of course, to the schemes of those who have it in their minds to repeal the income tax, the most equitable and just tax ever imposed. [Applause.]

I know the amendment of the gentleman from Georgia [Mr. CRISP] has relieved a few of the objections to a certain extent, but do not forget this, gentlemen. You are still confronted with the fact that if you pass this bill as it is now written, you are voting over \$400,000,000, by the admission of its author, on the backs of those people who are least able to bear it. [Applause.] Some one has said that the action of the committee has brought us nearer to communism than any other nation except Russia. Let me say that communism will never result from the taxing of wealth even though it is made higher than it should be. If communism gains a serious hold in this country, it will be because of the continual piling up of burdens upon the backs of those so little able to bear them. But lest I be misunderstood, let me say that I do not fear communism at any time in this country. Our people are too loyal and too much imbued with the spirit of liberty to ever yield to any such pernicious doctrine.

Mr. HAWLEY. Mr. Chairman, the Committee of the Whole has had under consideration the proposed revenue bill for several days and has made certain amendments to it. The estimates of the increased revenue of the four chief amendments so far made are as follows. These estimates I am giving now are additional earnings above that that would be earned under the bill as reported by the committee:

On the normal tax on individuals the increase due to change in the higher brackets from 6 to 7 per cent is \$3,000,000.

The change in the surtax rates represents an increased amount earned over that proposed in the bill of \$17,000,000.

The elimination of the credit for taxes paid in foreign countries increases the amount earned over that proposed in the bill by \$12,000,000.

The increases in estate taxes by the rates proposed in the Ramseyer amendment would add \$8,000,000.

Adding these together, we have a total of \$40,000,000 of revenue from these sources additional to that earned from the same sources as proposed by the committee.

These figures apply to the fiscal year 1933. More money will be received from them in the subsequent years; but we are now endeavoring to balance the Budget by the end of the fiscal year 1933.

The manufacturers' excise tax as proposed in the bill as reported by the committee was intended to earn \$595,000,000. Subtracting this \$40,000,000 of the additional revenue, there remains yet to be obtained either from the manufacturers' excise tax or in some other way the sum of \$555,000,000 in order to balance the Budget by June 30, 1933.

There are only three ways by which we can balance the Budget—by raising the taxes necessary, by issuing bonds, or by a combination of the two.

I think it is generally conceded that the credit of the country, industrially and economically, depends for its stability on the credit of the Government, and that continued issuance of securities to pay current expenditures will further impair the public credit.

The committee, having that in mind, made the proposals contained in the bill.

The committee did not come in here with any other purpose in mind than to submit for the consideration of this distinguished body the needs of the Government and what, in our judgment, was the most equitable method of providing for them. We had no intention of imposing on any part of the people any greater burdens than the lowest amount possible by which the Budget could be balanced.

If the Committee of the Whole and the House decide to eliminate the manufacturers' excise tax, it will be necessary to raise \$555,000,000 in order to balance the Budget. From what other source can we obtain this amount? The committee concluded that this tax equitably distributed the burden and that by reason of the low rate proposed and its wide distribution it could be more easily borne and retard as little as possible the economic recovery.

If this tax is stricken from the bill, let me emphasize by repetition we are then confronted by the necessity of raising \$555,000,000, or we say to the world and the country that we do not propose to protect the credit of the United States, and that a dollar of its indebtedness shall not be paid by a dollar in money but rather paid out of the proceeds of increases in the public indebtedness. The credit crisis will not be ended by further increase of the public debt. The sale of Government securities will absorb great amounts of money needed for the rehabilitation of industry, trade, and commerce; will continue low prices to the farmers, and defer the reemployment of labor. [Applause.]

Mr. LAMBETH. Mr. Chairman, although a new and inexperienced Member of this body, I dare trespass for a few moments upon your time to state my views on the pending bill. I rise as the Representative of the seventh North Carolina district under the highest form of compulsion, a sense of public duty—"stern daughter of the voice of God."

I have given this bill my conscientious consideration and earnest study for days and weeks, but I can not consistently give it my vote. I recognize the tremendous responsibility which has devolved upon the members of the Ways and Means Committee, and particularly upon the acting chairman [Mr. CRISP], whose patriotism and devotion to the public service are unexcelled in this body. In registering my objections to their work, I have no criticism of their motives or unselfish service.

Judging by the many letters of protest received by every Congressman and reading the voluminous hearings held by the committee, one is convinced that the perfectly natural reaction of all taxpayers to any increase in taxation is aptly stated in the following couplet:

Congress, Congress, don't tax me,  
Tax that fellow behind the tree.

Mr. Chairman, I came here with the highest admiration, respect, and even reverence for the splendid leaders of our party, having recently become the majority party of this House, and I came here with the expectation of following their leadership without hesitation or faltering one step of the way, but I can not follow them in this matter.

We have heard and read much in recent years of the conflict between Hamilton and Jefferson in the beginnings of this Republic; but I have never heard of such a paradox as Hamiltonian Democracy until it lifted its ugly head in this bill.

Leaders of this House, in their desperation to rally their deserting followers, have stigmatized the opposition to the sales-tax feature of this bill as socialism, bolshevism, and communism.

It is a historical fact that when the system of free public schools was first evolved the Bourbons of my State denounced it as socialistic. When the first public water-works plant was built in my little city there were those who called it socialism. If opposition to this bill constitutes socialism then for myself I accept the label and wear it proudly, for it would make Thomas Jefferson a socialist, Andrew Jackson a bolshevik, and Woodrow Wilson a com-



munist, and I am perfectly willing to be put in that category with them.

Before a vote is taken on this important feature of the bill I would like to say a few words setting forth my views in explanation of my opposition to the sales-tax section, as well as other items of the bill. I can not but believe that it violates the fundamental tenet of taxation—ability to pay—as enunciated by economists and other authorities on taxation from Adam Smith down through John Stuart Mill and Ricardo to Edwin R. A. Seligman. A sales tax is an income tax in reverse. In principle it is grossly unfair. It is no pleasure to call upon people to make sacrifices or to bear additional burdens but the task is made more difficult when the method selected to make the sacrifice is as intolerable and unconscionable as that presented to us in this bill.

I do not consider that a deficit itself is necessarily a matter of serious import because unexpected expenditures may become necessary during the currency of the fiscal year. The deficit at the end of the year is not so important as whether or not policies are inaugurated looking to meet that deficit. The serious thing is whether the country will take steps to balance its Budget. Failure to do this would cause grave doubts to arise as to the financial stability of the country. To my mind, the fundamental question is not the balancing of the Budget at any given immediate date, but that we pursue such a course as to bring about this balancing within a reasonable period.

Now, this is the problem we have to solve and it can be solved only in two ways—either by reducing expenditures or by increasing taxes, or a combination of both. I would approach this problem of the deficit first from the angle of further reducing in a drastic manner Federal expenditures by not less than \$250,000,000. When that has been accomplished, I would then write the most equitable tax measure possible to raise the balance of the deficit upon the principle that the favored and wealthy classes should first be levied against to provide sufficient funds to bring up the revenues to meet the reduced expenses. When, after these means had been exhausted, including, if necessary, the levying of specific limited excise taxes against articles which are not of first necessity, then and then only would I resort to the general sales tax as a final unavoidable means of raising sufficient money to balance the Budget.

As late as January 13 of this year the Secretary of the Treasury testified as follows:

[Hearings on Revenue Revision, 1932, before Ways and Means Committee, p. 4.]

In the development of our program many possible forms of taxation were considered. We laid aside all thought of a general sales or turnover tax, not only because generally speaking it bears no relation to ability to pay and is regressive in character, but because of the great administrative difficulties involved and the almost inevitable pyramiding of the tax in the course of successive sales. The objections to a general sales tax are not in this respect applicable to a tax on selective articles of the character heretofore employed in this country and now recommended.

We have studied the limited manufacturers' or producers' sales tax, which is being administered with a fair degree of success in Canada. There a tax is imposed at the rate of 4 per cent of the manufacturers' sales price or the import value of all goods not exempt which are produced or manufactured in Canada or imported into Canada. It is distinctly not a turnover tax. Retailers are exempt. Indeed the extent of the exemptions is very great, covering thousands of specific items and classes of items. Pyramiding is avoided by a mechanism of licenses and certificates, the effect of which is to collect the tax when the last licensed taxpayer sells to an unlicensed purchaser. The success of the tax appears to be due not only to good administration but to very wide administrative discretion. The tax is passed on and therefore must add to the cost of living.

With some 200,000 manufacturing establishments in the United States, our much more extensive and complicated industrial mechanism, our tendency to set out administrative procedure with almost meticulous accuracy in our statutes, and our reluctance to grant administrative discretion or authority to administrative officers to make final decisions, it is extremely doubtful whether the Canadian sales tax would meet with the success in our country that it has across the border.

It is politically inexpedient for the Democratic Party to be used as a pawn by a few rich men in this country who are now seeking to take advantage of this crisis and in the

guise of balancing the Budget to deceive gullible Congressmen under a spurious appeal to their patriotism to vote a form of taxation which is absolutely contrary to all the principles of democracy and the greatest principle of all, that of equality of opportunity.

Organizations representing half the total population of the country—including labor, farmers, merchants, manufacturers, and consumers—have registered their opposition to the sales tax. It is fair to assume that the overwhelming majority of the remainder of the people wish to see it defeated. Who favors the sales tax? That is a question yet to be answered by its proponents.

Oh, no, Mr. Chairman, I am not unmindful of the tremendous hue and cry which is going up here "that the Budget must be balanced," and I well realize that an unbalanced Budget is regarded as one of the symptoms of national financial instability. However, there are more important things than balancing the Budget. *The confidence of the people in the fairness of their own Government and the maintenance of that confidence are far more important than the mere balancing of a Budget in any single year; and this will not be accomplished in the least degree by writing into this bill a tax as vicious and as obnoxious as the so-called manufacturers' sales tax.* It is a poor man's tax, due to the fact that 90 per cent of all the manufactured products in this country are purchased by persons with incomes of less than \$5,000.

These people spend the bulk of their incomes in consumption, and this tax bill will place upon them a burden fifty times as heavy as that which it imposes upon the rich. Is such a tax equitable? Is it fair? Is it just? Do my friends on the committee think this tax equitable when we are told that notwithstanding the fact that 4 per cent of the population own 80 per cent of the entire wealth, those with incomes over \$100,000 will only pay \$20,000,000 of the proposed sales tax of \$595,000,000. That is one reason why I say it violates the principle of ability to pay.

Mr. Chairman, there is at the present time in this country probably a greater concentration of wealth than in any other country in the entire world, and notwithstanding this fact there is only being paid into the Treasury of both the Federal Government and the States \$165,000,000 from inheritance taxes, while in England \$400,000,000 is derived from this source. Think of that, a country like Great Britain, with only about one-fourth of our national wealth, obtaining two and one-half times as much revenue from death taxes. Do not the gentlemen of the committee believe that part of this deficit could be raised from a reasonable further increase in the inheritance-tax schedule without disturbing business or the employment of labor?

Now, I desire to call the attention of the House to the committee report on page 9, where it is stated that the tax paid by the head of a family with an income of \$2,000 would be negligible due to the fact that probably one-half of this sum would be spent on foodstuffs exempt under the sales tax and that the remaining one-half would be spent for articles on which the manufacturers had paid a tax. That is a most ridiculous and absurd statement to have been prepared by so-called experts; to make this body believe that a man with an average family of four or five and making only \$2,000 a year, would consume half of it for food is grossly incorrect as the correct figure is 25 per cent—not 50 per cent. There is an adage that a half truth is worse than an untruth, because it misleads uninformed persons. But, Mr. Chairman, it is just another instance of the subterfuges which have been employed to make those Members who still have the interest of the masses at heart, believe that a manufacturers' sales tax would not affect the little man, and then if it did, it would not be burdensome.

To know that the people of North Carolina would be burdened with an additional tax of not less than \$18,000,000, from the sales tax alone, only goes to intensify my determination to oppose this feature to the utmost of my ability. Gentlemen, I know the conditions that exist in my State to-day; I know the condition of the people of my own district. Of course, the \$18,000,000 referred to is only one part



of the increase in taxes which this bill will place upon the citizens of my State and then to realize that the yield of the gasoline tax in North Carolina, which is the main source for paying off the enormous indebtedness of the State, will be decreased materially as the price of oil and gas goes up due to the attempt to write into this bill a tariff on oil imported into this country—something which never has been done before by Democrats—my sense of justice and my responsibility to the people of my district compel me to rebel against such a bill.

Are we in favor of a tax in this country which in a great many ways would be comparable to the *likin* system in China, which has done more to retard that backward country's progress than anything else? This tax is one which makes it too easy for the price to be pyramided to the consumer. I know that we have been told of the wonderful success of the sales tax in Canada and about the wonderful advantages of such a method of raising revenue; but, regardless of what we have been told, I am opposed to it because I know it is wrong in principle. Why did they not borrow also the Canadian surtax rates on incomes? Under the committee bill a net earned income of \$25,000 to a married man with no dependents would be taxed only \$1,660, whereas in Canada the tax would be \$3,160, or virtually double.

*Comparison of actual income tax paid under the following laws and in the following countries by married men with no dependents (income assumed to be all earned)*

Individual income	United States revenue act		Committee bill, 1932	Canada	Great Britain	France
	1921	1928				
\$3,000.....	\$20.00	None.	\$2.50	None.	\$406.25	\$350.67
\$25,000.....	2,880.00	\$1,023.75	1,660.00	\$3,160.00	7,572.50	5,807.33
\$100,000.....	31,190.00	15,768.75	25,620.00	24,910.00	48,747.50	40,413.33
\$1,000,000.....	663,190.00	240,768.75	439,620.00	500,000.00	647,497.50	430,413.33

Mr. Chairman, I ask unanimous consent to insert at this point an editorial from the Greensboro Daily News, March 19, 1932, on the Canadian sales tax:

[Editorial from the Greensboro (N. C.) Daily News, March 19, 1932]

#### THE OTHER SIDE

Canada's opinion of the sales tax, which congressional leaders would emulate in the United States, is, to all appearances, not as unanimously favorable to the levy as the testimony given by certain witnesses before the House Ways and Means Committee would indicate. Perhaps it is safest to say that Canadian views are as variegated as those which prevail upon the same topic in North Carolina; they depend entirely upon the attitude and connections of the person from whom they are obtained.

But be that as it may, the New York World-Telegram, which is opposing the sales levy, has gathered information from its Canadian correspondents which is antipodal to the glorification given the Dominion plan in congressional hearings and which, it is claimed, comes directly from the people who have to pay the tax and not from officials and representatives of the Government which was forced to resort to it in times of financial exigency.

The tax, the World-Telegram learns, is hailed as a war baby and has been denounced by the Canadian Manufacturers' Association, the Trade and Labor Congress, all the major farm organizations, and many boards of trade and chambers of commerce on the grounds that it "is cumbersome and intricate, acts unfairly as between certain commodities, loads the tax on those least able to bear it, and encourages profiteering and pyramiding."

That the levy has not enjoyed any political blessing is to be expected, but the manner in which it has been handled by the Canadian parties is nevertheless enlightening. During the Liberal régime it was constantly under fire from the conservatives and progressives, and so vigorous became the opposition that in 1930 it was reduced to 1 per cent. When the conservatives came into power, however, the rate was raised to 4 per cent, Prime Minister Bennett himself terming the tax "undependable," but expressing fear that a readjustment of the Dominion's fiscal system would "further dislocate business during the depression"—a thought which apparently has not entered the mind of American legislators who would completely overhaul the program under which the entire citizenry operates.

The Canadian tax, which raises \$65,000,000 during the current year, is estimated to place a burden of \$30 on every family in the Dominion with the actual cost eventually raised to \$55 by the pyramided increases of commodity costs. Perhaps the declaration of "a Montreal tax expert" should be stricken from the record as incompetent or hearsay evidence, but nevertheless his assertion that "the sales-tax victims would gladly exchange it blindfold for almost any other kind of tax" is included in the opposition brief.

The greatest deliberative body in the world can hardly fail to give these reports consideration, for whatever they may be worth, before final vote upon the pending revenue measure.

I also know that England, faced with a deficit of nearly a billion dollars—think of it, a country only one-fourth as rich in national wealth as ours—balanced its budget in the fall of 1931, and did so without the imposition of such an obnoxious tax as this sales tax.

The committee say they have sought in vain for another source of revenue. May I suggest that before they tax the men who toil honestly for their living, why do they not go to the street called "Wall" and single out the big gamblers of this country, unconscionable in their mad rush to make profits for themselves, who would even go to the extent of selling securities short when the banks of this country were fighting for their very existence? These men—public enemies—made during 1931 the largest profits they ever made by selling securities short, and I commend to the consideration of this body an amendment, which I shall offer to the bill at the proper section, which will wrest from their greedy hands at least a part of the profits which they have wrung from the misery and suffering of the people of this country.

Mr. Chairman, the thanks of the overwhelming majority of the Democratic Members of this House are due "FARMER BOB" DOUGHTON for his determined and unrelenting opposition to the objectionable features of this bill. He has played a lone hand among the 25 members of the Ways and Means Committee. In doing so he has not only been a true Representative of North Carolina but he has also deserved well of all the American people.

In closing I can not overlook the aspersion cast upon the opposition to this bill last Friday when it was said we were being guided by an invisible lobby. Yes, an invisible lobby to those who have eyes to see but see not and ears to hear but do not hear the voice of the masses of the American people lifted in one mighty chorus reaching from the Atlantic to the Pacific and from the Gulf to Canada in opposition to this indefensible system of taxation.

When wilt Thou save the people?  
O God of Mercy! When?  
Not kings and lords but nations,  
Not thrones and crowns but men.  
Flowers of Thy heart, O God, are they,  
Let them not pass like weeds away,  
Their heritage a sunless day,  
God save the people.

Shall crime bring crime forever,  
Strength aiding still the strong,  
Is it Thy will, O Father,  
That man shall toil for wrong?  
"No," say the mountains;  
"No," Thy skies;  
"Man's clouded sun shall brightly rise  
And songs be heard instead of sighs."  
God save the people.

Mr. CROWTHER. Mr. Chairman, it seems to me that this is rather a poor time to indulge in partisan speeches. I do not think in a crisis of this kind it is the time to make a comparison between Jeffersonian Democracy and Hamiltonian Republicanism. Since the Congress opened there has been a constant appeal from the President, from the country, and from everybody interested that you and the majority on your side of the House would go along with the President's program and that both sides of the House would lay aside politics for the time being. Greatly to the credit of the membership on the Democratic side of the House, that plan has been very splendidly followed. The minority and the people of the country commend your action, and I congratulate your side of the House for their cooperation. In exactly the same spirit the Republican members of the Ways and Means Committee agreed to work with the distinguished acting chairman, the gentleman from Georgia [Mr. CRISP], and the other Democratic members of the committee, along precisely the same lines, agreeing that we would have no cross-firing on political subjects during the discussion and that we would try to have just one common viewpoint, namely, the balancing of the Budget.

The adoption of a sales tax was not a pleasant thing for the Democratic members of the committee or for the Repub-



lican members of the Committee on Ways and Means. When we started in on the hearings you could not have secured a corporal's guard—I do not know that you could have found a single Member in favor of a sales tax; but after we had gone over the ground, combed every source of revenue with a fine-tooth comb, put income and estate tax rates where we thought they were dangerously near the point of diminishing returns, we found some other method had to be adopted to raise revenue, and we all came to the conclusion, after studying the effect of the tax in other countries, that it was in a sense equitable and not an unfair tax. If you do not buy very much, you do not pay very much in sales taxes.

The more you buy the larger tax you pay in proportion. Many men on the Democratic side of the House, and one in particular, my friend from Massachusetts [Mr. CONNERY], still reiterate the statement that it is not necessary to balance the Budget. They say that we can get along by the issuance of bonds. Day by day we see the currency of other nations depreciate in value, and we have seen 19 of them go off the gold standard. The necessity of keeping the American dollar at par ought to be our main objective. It is unthinkable that this Government should go along on a borrowing basis, creating new debts in the overhead of interest, and sinking-fund charges. It ought not to be done. It is not merely a \$600,000,000 deficit that some of you men talk about. We have charged off nearly a billion dollars for 1931, charged it back to the national debt. On June 30 of this year we shall charge back over \$2,000,000,000 more, which, with the estimated deficit in the fiscal year 1933, will be \$5,000,000,000 added to the national debt, which we reduced by over \$9,000,000,000 during the period of 11 years following the war.

The people of this country are looking to this Congress for a constructive program. You are their elected Representatives, and they expect us to lay aside party politics and petty prejudices in an effort to stabilize the credit of the United States by balancing the Budget. For the good of our country I appeal for your cooperation. [Applause.]

Mr. LAGUARDIA. Mr. Chairman, I agree with my colleague from New York [Mr. CROWTHER], that there should be no partisan feeling in this, and I join in an appeal to make this a bipartisan movement and follow the American people against the sales tax. The gentleman from New York with seeming pride to-day points to the example of other countries, and yet the same gentleman from New York, in pleading for a tariff, will point to the impoverished condition of the working people of other countries. There is not a country in the world where the standard of living is as high as it is in the United States, and we are not going to permit anyone with a sales tax to lower that standard of living. [Applause.] It has been stated that the purpose of a sales tax is to destroy the income-tax system. That is true to-day as it was 10 years ago. That is the real purpose of it, and I quote as my authority for a recognized authority no less than the able and distinguished statesman who is the majority floor leader, the gentleman from Illinois [Mr. RAINY], who, in a discussion of the tax bill on December 16, 1926 (CONGRESSIONAL RECORD, page 928), when opposing a reduction of income taxes, said with prophetic wisdom:

You have secured a reduction in taxes which even the greatest malefactor among the malefactors of great wealth in this country dared not even to expect. In order to accomplish this you have removed the real captains of industry in this country far from the hope of reduction in their surtax rates, the men paying surtaxes on \$44,000 and under. In order to accomplish this you have contemptuously hurled a present, a gift, a bribe of \$10 each to 2,300,000 men in this country and have said to them, "We propose to go on in our career; we propose to steer in the direction of a sales tax; and we have bribed you with \$10; we have given you that, and you can continue to pay these sales taxes, and we are going to eventually increase them in periods of distress, when we need more money." You will surely need more money. The ordinary expenses of this Government have been increasing all of the time. \* \* \* The cost is increasing in almost geometrical ratio, and in time you will need more money, and you know it; and in time you expect to go to sales taxes, and as a step in that direction you strike down the income-taxing system of the country by striking the blow at both ends of it, at the top and at the bottom.

The other day the gentleman from Illinois [Mr. RAINY] pointed to the insidious lobbying and propaganda against

the sales tax and referred to the American Taxpayers' League. We all know the Mr. Arnold and his league. I took the list of the American Taxpayers' League as contained in the report of the Senate lobby investigation. I took the 66 largest contributors to the American Taxpayers' League—that insidious lobby mentioned by the gentleman from Illinois—and I telegraphed all, asking their stand on a sales tax, and 63 of them I find are in favor of the sales tax, and here is a list of the largest contributors to Arnold's American Taxpayers' League and their stand on a sales tax:

EXHIBIT A OF REPORT OF SENATE SUBCOMMITTEE OF COMMITTEE ON THE JUDICIARY ON LOBBYING AND LOBBYISTS, SEVENTY-FIRST CONGRESS, REPORT NO. 43, PART 4

Receipts—American Taxpayers' League, September 1, 1928, to August 31, 1929 (typical contributions)

IN FAVOR OF SALES TAX (REPLYING TO INQUIRY ABOUT SALES TAX)

Firm name	Amount	City
Jos. T. Ryerson & Son (Inc.)	\$250	Chicago, Ill.
Colonial Steel Co.	200	Pittsburgh, Pa.
H. B. Rust	1,000	Do.
Edward B. Greene	500	Cleveland, Ohio.
National Shawmut Bank of Boston	500	Boston, Mass.
L. F. Loree	250	New York, N. Y.
Union Draft Gear Co.	250	Chicago, Ill.
Estate of Henry Failing	200	Portland, Oreg.
Colorado Springs Clearing House Association	200	Colorado Springs, Colo.
Kansas City Power & Light Co.	250	Kansas City, Mo.
National Silk Dyeing Co.	250	Paterson, N. J.
E. B. Dane	500	Boston, Mass.
Hoover Co.	500	North Canton, Ohio.
William Minot	300	Boston, Mass.
Colgate Palmolive Peet Co.	1,000	Chicago, Ill.
Stephen O. Metcalf	500	Providence, R. I.
L. F. Loree	250	New York, N. Y.
The Maytag Co.	250	Indianapolis, Ind.
C. S. Williams	250	New Orleans, La.
Harris Trust & Savings Bank	200	Chicago, Ill.
W. C. Bradley	500	Columbus, Ga.
Elgin National Watch Co.	250	Chicago, Ill.
W. P. H. McFaddin	1,000	Beaumont, Tex.
Pure Oil Co.	500	Chicago, Ill.
S. Clay Williams	200	Winston-Salem, N. C.
John W. Blodgett	500	Santa Barbara, Calif.
Electric Autolite	250	Toledo, Ohio.
W. S. Farish	500	Houston, Tex.
Crane Co.	1,000	Chicago, Ill.
Armstrong Cork Co.	1,000	Lancaster, Pa.
Otis & Co.	1,250	Cleveland, Ohio.
Hornblower & Weeks	500	Boston, Mass.
Wheeling Steel Corporation	250	Wheeling, W. Va.
Wrought Iron Range Co.	250	St. Louis, Mo.
Chas. J. Webb & Co. Inc.	1,000	Philadelphia, Pa.
Harris, Forbes & Co. Inc.	250	Boston, Mass.
Old Colony Trust Co.	500	Do.
Hartford Connecticut Trust Co.	200	Hartford, Conn.
South Carolina National Bank	200	Greenville, S. C.
Southern Pine Lumber Co.	250	Texarkana, Ark.
A. M. Byers Co.	250	Pittsburgh, Pa.
First National Bank	250	Do.
Byllesby Engineering & Management Corporation	1,000	Chicago, Ill.
Larus & Bro.	500	Richmond, Va.
Western Cooperage Co.	200	Portland, Oreg.
Seovill Manufacturing Co.	400	Waterbury, Conn.
Gunn Furniture Co.	200	Grand Rapids, Mich.
The Bettendorf Co.	750	Bettendorf, Iowa.
Massachusetts Gas Cos.	250	Boston, Mass.
H. B. Cheney	250	South Manchester, Conn.
W. R. Cole	500	Louisville, Ky.
Foxworth Galbraith Lumber Co.	250	Amarillo, Tex.
Duquesne National Bank	200	Pittsburgh, Pa.
Pillsbury Flour Mills Co.	250	Minneapolis, Minn.
First National Bank & Trust Co. of New Haven	250	New Haven, Conn.
American Rolling Mill Co.	500	Middletown, Ohio.
R. A. Crawford	400	Dallas, Tex.
Eastern & Western Lumber Co.	200	Portland, Oreg.
Insull Properties	1,500	Chicago, Ill.
Armand Co.	250	Des Moines, Iowa.

#### OPPOSED TO SALES TAX

Dollar Savings & Trust Co.	200	Wheeling, W. Va.
International Shoe Co.	500	St. Louis, Mo.
Kellogg Co.	300	Battle Creek, Mich.

I have the communication from each one, and all my colleagues may inspect them, or I will be glad to place them in the RECORD, if so desired.

I want now to point out in the few moments I have the unfairness exhibited in stating figures in estimates. Every time that an exemption was made the figures were exaggerated, and every time we added a tax or increased a rate the figures were minimized. Even though the increased rates on incomes will bring in no revenue, I say the new



rates are not only useful but extremely necessary in the future. I am sure, however, that the increase which will be realized by the higher rates will be considerably more than now estimated by the Treasury Department. I again call the attention of the House to the estimates of experts made as to anticipated incomes in 1932, which I read to the House last Friday, and may be found in the RECORD of March 18, 1932. In the brackets between \$100,000 incomes, up to the very limit of incomes over \$1,000,000, the estimated income is no less than \$1,006,000,000. This figure allows a most generous decrease from the known figures of 1930. It was based on the amounts of income in 1930 in accordance with the returns filed August 31, 1931. I mention this because of the ridiculously low estimate of the Treasury Department, the experts, and advocates of the sales tax. Figures are being distorted, scrambled, if not juggled, in order to create the idea that there will be little or no revenue from income taxes and that therefore a sales tax is essential. That is not so. I am certain and confident that the future will prove that a sales tax was not necessary, and that the increased rates on income, aside from the beneficial social purpose, will bring substantial increases in revenue. That is true also of the new schedules approved by the House in the Ramseyer amendment on inheritance.

It is true that in the case of inheritance tax the revenue or increased revenue may not be seen immediately, but, again, this is social legislation so obvious in its necessity and purpose that comment at this late hour is not necessary. We are by no means finished with this bill. Many new sources of revenue will be written into this bill. Many changes, I hope, in administrative features will likewise be written into the bill which will also bring additional revenue. I propose to offer an amendment to section 104 which embraces the subject of personal holding companies and surpluses created by undivided profits for the purpose of evading income taxes. This section has been a dead letter for many years. It has been only feebly, half-heartedly, and ineffectively invoked during the past few years. I propose to make it effective, to put teeth in it, and to add several millions of dollars annually to our revenue. I have already announced a proposed amendment providing a one-quarter of 1 per cent tax on the sales price of all stocks and securities sold on the various exchanges throughout the country and an additional one-quarter, making it a one-half of 1 per cent tax on all short sales made on the various exchanges. This alone, even in the period of depression, will bring in about \$150,000,000, and in normal times will bring in well over \$300,000,000 a year. Other suggestions which I have made are known to the House. I am confident that this odious sales-tax provision will be stricken from the bill. After that I will be glad to join and cooperate with the committee in bringing to the House other provisions less objectionable to raise the necessary revenue to meet the exigencies of our depleted Treasury. May I in passing recall that many of us predicted this very condition when we voted against tax reductions of 1924 and 1926, and particularly the last reduction of 1928? Many of us joined with the gentleman from Illinois [Mr. RAINEY] and the distinguished Speaker of the House [Mr. GARNER] in opposing income-tax reductions in the past to prevent sales tax in the future. As I have quoted from Mr. RAINEY, he pointed that policy out in 1926. We were against the sales tax then, we are against the sales tax to-day, and the opposition presented at this time by the House is indicative that we will defeat it within the next few minutes.

A great deal has been said about "soaking the rich." That, of course, is nothing but inspired propaganda, repeated with parrotlike stupidity. In one breath it is said the added rates will bring no income and the next breath that we are soaking the rich. Then it is said we are opposing a sales tax because we are soaking the rich. That, indeed, is a sad confession for these wise, trained, influential, and powerful patrons of entrenched wealth to make. How anyone could be so simple as to believe that this Congress of experienced and trained legislators will swallow a sales tax and believe the vicious propaganda against an income-tax system indicates only an arrogance and conceit created by successes

of the past in obtaining legislation for a privileged class and protection for legalized exploitation. The depression at least has provided a liberal economic education for the people of this country. It will provide the planning and the beginning for an economic readjustment, and that beginning is right now in eliminating a sales tax and providing social legislation to eventually break up the concentration of the national wealth in the hands of a few individuals.

Reference has been made that a sales tax has never been approved or indorsed in any political platform of any party. That is so. It has never been openly advocated before any committee of Congress. It was brought in by imposition, misrepresentation, misstatements, false information, and veiled threats of what might happen in the future. It was exposed in public sessions of the House of Representatives after free, full, and frank debates, and the vote within a very few minutes, I am sure, will put an end for many years to come to any thought of a sales tax law in this country.

In closing, I submit that a great deal was said about the so-called generous offer of exemptions. Exempted food and wearing apparel, farm implements, and medicines were promised, and we rejoice with that. But when we took it home that night and analyzed what it meant, when we consulted with the so-called experts and officials of the Treasury Department, we found that instead of taxing a suit of clothes they taxed the textiles, the linings, the trimmings, the cloths, the buttons, and everything that goes into a garment, a dress, a coat, or a suit of clothes. Instead of taxing shoes they would tax the leather; so that all this is only a sham exemption, and the only way to protect the American public now is for all of us to stand together and completely knock this sales tax out of the bill. [Applause.] This is the big victory of a united and indignant protest. It is not only a victory against the sales tax, but for the first time we have been able to tear down sectional barriers, and the exploited people of the North have joined hands with the suffering folks of the South, and we have joined forces with the suffering farmer of the West, and for the first time special-privileged wealth has not been able to write a revenue bill in the American Congress. [Applause.]

The CHAIRMAN. The gentleman from Georgia [Mr. CRISP] is recognized for five minutes, which will consume all the time allotted under the unanimous-consent agreement.

Mr. CRISP. Mr. Chairman, obviously I can not argue this bill in five minutes. I simply desire to assert again that in my judgment it is the most equitable way to balance the Budget, the way least injurious to the people and the least harmful to business.

I concede that all of the gentlemen opposing this bill are actuated by intelligence, patriotism, character, and love of humanity; but, gentlemen, you do not possess it all. [Applause.] Those who are advocating this bill also have those same attributes, and my record in this House for 20 years shows that I have stood for the masses of the people, and my life at home is an open book, and you can not make any of the working people down home believe I am not their friend. [Applause.]

Now, in normal times you can raise money from income and corporation taxes, and if business were normal to-day we could raise two and one-half or three billion dollars from the rates in this committee bill; but it can not be done to-day. With these increases, with the increase adopted on the floor of the House, only \$295,000,000 additional has been raised, according to the estimates of the Secretary of the Treasury. I had a letter from him this morning, in response to telephonic inquiry, saying that the receipts on March 15 were about \$184,000,000. They had estimated \$200,000,000 to be received during March. The payments up to date are \$184,000,000. He says he does not believe the receipts would necessitate a lowering of the estimates, but it demonstrates conclusively the accuracy of the estimates, or that they are low, that they are conservative, and that the Government could not get any more money.

Mr. CONNERY. Will the gentleman yield?

Mr. CRISP. No; I can not yield now.



If we can not get the money from these high taxes, if we are going to get it at all, we must go to some excise tax. Whether that is called a tariff, a sales tax, or a special levy on automobiles, tobacco, or any other property, it is a sales tax; and an income tax from corporations and individuals in business, so far as it is possible to pass it on, is also a sales tax.

Now, Mr. Chairman, the die is cast. I am quiescent in your judgment. I have performed my duty. I hold no titular place of leadership on the Democratic side. During this Congress I have been given no preferment. I occupy the same place on the Ways and Means Committee that I did in the last Congress. By virtue of the illness of the chairman a responsibility was thrust upon me, and I have measured up to it to the best of my ability. [Applause, the Members rising.]

Any influence I may have in this House, be that little or naught, I have in my capacity as an individual Member, and in this conflict I have criticized no one. I have been true to my convictions, for what is best for my country, and I have no regrets and I have no apologies to make for my course. [Applause.]

The CHAIRMAN. Under the unanimous-consent agreement all time has expired.

The question is upon the motion of the gentleman from North Carolina [Mr. DOUGHTON] to strike from the bill the paragraph under consideration.

Mr. CRISP. Mr. Chairman, I ask for tellers.

Tellers were ordered.

Mr. CRISP. Mr. Chairman, I ask that the gentleman from Arkansas [Mr. RAGON] be appointed as teller in my place.

The Chair appointed Mr. RAGON and Mr. DOUGHTON as tellers.

The committee divided; and the tellers reported that there were—ayes 223, noes 153.

So the motion was agreed to.

Mr. McKEOWN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Oklahoma offers an amendment, which the Clerk will report.

Mr. CRISP. Mr. Chairman, I ask unanimous consent to address the committee for five minutes.

The CHAIRMAN. Does the gentleman from Oklahoma yield for that purpose?

Mr. McKEOWN. I do.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that he may address the committee for five minutes. Is there objection?

There was no objection.

Mr. CRISP. Mr. Chairman and my colleagues, what I am about to say is not said in any spirit of pique, of discontent, and with no criticism of any Member of this House who voted differently from me on the vote just had. That vote is conclusive. Under the understanding we had, as far as I am concerned, I shall not resist an effort to strike out any of the remaining paragraphs of the manufacturers' sales tax.

I rise, gentlemen, to say this, and I say it impelled by a spirit of manliness and of fairness, that I have been turned down three or four times on the heart of this bill—the income tax, the normal and the surtax, the estate tax, and now the manufacturers' tax. Under the parliamentary law and rules of this House I have lost the right to further manage the bill. If any Member of the opposition desires to take charge, I will be only too willing for him to have that right. [Cries of "No!" "No!"]

If the House desires me to do so, I am quite content to continue, as I have done in the past, to pilot the bill through the House as best I can, and I know that no Member of this body can truthfully say I have been discourteous to or critical of any Member of the House. [Applause.]

Mr. DOUGHTON rose.

The CHAIRMAN. Does the gentleman from Oklahoma yield to the gentleman from North Carolina?

Mr. McKEOWN. Yes.

Mr. DOUGHTON. Mr. Chairman, responding to what the gentleman from Georgia, the able acting chairman of the

Ways and Means Committee, has said, there is no desire on my part, and I am sure there is no desire upon the part of anyone—especially those of my comrades who fought with me in this battle on the sales tax—to take charge of the bill. I made my fight on the sales tax. I have had no disagreement with the committee as to any other provisions of this bill. I, of course, do not favor the oil tax.

Mr. MICHENER. Will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. MICHENER. In view of the situation which now exists in the House in reference to this most important piece of legislation, and in view of the fact that the gentleman whom I am interrogating is a member of the committee, understands the necessities and prerequisites for writing a tax bill, and understands, I am sure, that no tax bill can be written on the floor of the House—I am sure the gentleman will agree with me in that—and that being true I would ask him if he will not now take the lead to recommit this bill to the committee where it may be studied and reported back to the House, so that we may have a bill which is not written in turmoil and under conditions where each man feels called upon to make a speech in behalf of something in his own district.

Mr. DOUGHTON. In response to the gentleman's inquiry I will say that I have never assumed, and do not now assume, to be a leader so far as this tax bill is concerned. Whatever disposition is to be made of the bill now I think should be decided by the House. That is too much responsibility for me to take.

I do not think it would be wise to recommit it to the Committee on Ways and Means; but if the Ways and Means Committee will suggest amendments that are constructive to take the place of those which have been stricken out, that will be entirely satisfactory to me. Whatever action the House takes will be my pleasure.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. LAGUARDIA. The other day, when we arrived at a point where the will of the House had been demonstrated, the committee rose and we met the next day. It seems to me we have arrived at a point now where it might be well for the committee to rise.

We can resume the consideration of this bill to-morrow, and by that time it will be pretty well known what the House desires to do.

Mr. DOUGHTON. Mr. Chairman, the gentleman from Oklahoma has the floor, but I want to announce that I have an amendment which I would like to offer as soon as the gentleman from Oklahoma offers his amendment.

Mr. McKEOWN. Mr. Chairman, I have some amendments to offer, and I think we can dispose of this amendment very easily.

The CHAIRMAN. Let the Chair state the parliamentary situation. Under the action of the committee, paragraph (a) having been stricken out as amended, the next order of business is that the Clerk shall report paragraph (b), on page 226. Pending that, the gentleman from Oklahoma has offered a new paragraph to the bill, which the Clerk will report.

Mr. JOHNSON of Washington. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Oklahoma yield for that purpose?

Mr. McKEOWN. I will ask the gentleman from Washington to wait until my amendment has been read, and then I will answer the gentleman's question.

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Amendment offered by Mr. McKEOWN: Before paragraph (b) insert a new paragraph to read as follows:

"(a) For the privilege of manufacturing for sale in interstate commerce, \$50 for each \$10,000 or major fraction thereof on articles manufactured and sold in interstate commerce;

"For the selling at wholesale goods, wares, and merchandise in interstate commerce, the sum of \$50 for each \$10,000 or major fraction thereof of goods, wares, and merchandise sold in interstate commerce;



"For the manufacture and sale of articles direct from manufacturer to consumer in interstate commerce, \$100 for each \$10,000 or major fraction thereof of articles manufactured and sold direct to consumer from manufacturer;

"For selling in retail in interstate commerce in the United States by national chain stores, \$100 for each \$10,000 or major fraction thereof of goods sold in retail in interstate commerce;

"For sales by mail order, the sum of \$100 for every \$10,000 or major fraction thereof of articles sold in interstate commerce."

Mr. CRISP. Mr. Chairman, I make a point of order against the amendment. This is clearly a matter to regulate interstate commerce, and is not germane to a tax bill.

Mr. McKEOWN. This is a privilege tax.

Mr. BLANTON. It is not germane at this point.

Mr. McKEOWN. It is as germane here as it is anywhere in the bill.

The CHAIRMAN. Does the gentleman from Oklahoma desire to be heard on the point of order?

Mr. McKEOWN. Yes.

This section is a manufacturers' tax, and my amendment is simply a tax upon the privilege of doing business in interstate commerce. My amendment is a tax not only upon the manufacturer with respect to the amount of interstate business, but it is also a tax upon the wholesaler engaged in business, and the amendment will raise the money. This amendment will balance the Budget.

Mr. CHINDBLOM. Mr. Chairman, I make the point of order that the committee is engaged in the consideration of section 601, of which paragraph (a) has been read and has been stricken out upon the motion of the gentleman from North Carolina, with notice that in the event that the paragraph was stricken out he would proceed to move to strike out the remaining paragraphs of the section. The amendment of the gentleman from Oklahoma may be in order at some other point, but it is not germane to the matter which is now under consideration, nor does it come in its proper place immediately following the notice given by the gentleman from North Carolina, that in the consideration of section 601, after disposition of his motion to strike out paragraph (a), we will proceed with paragraph (b), and it is not germane to the subject matter that is now under consideration.

The CHAIRMAN. The Chair is of the opinion that the gentleman from Oklahoma is entitled to be heard upon his amendment offered as a new paragraph of the bill. The gentleman from North Carolina will be recognized as soon as that is disposed of. If the Chair had known the gentleman from North Carolina desired to offer a motion, the Chair, of course, would have recognized the gentleman.

The Chair overrules the point of order, and the gentleman from Oklahoma is recognized for five minutes.

Mr. McKEOWN. Mr. Chairman, I want to say to the gentleman from North Carolina that I had no intention of trespassing upon his rights. I want to show you what my amendment does.

The proposition you are faced with is one of balancing the Budget, and we have been told that that was the necessity for the sales tax.

The proposal I have offered here is not a sales tax but is simply a privilege tax. It does not put all the burden on the manufacturer. It only costs the manufacturer or wholesaler \$50, which is paid on each \$10,000 or major fraction thereof on the business done in interstate commerce.

In other words, a factory in New York, if it did no business outside of New York, would pay no tax. If it did a business outside of New York it would pay \$50 on every \$10,000 worth of business.

Now, Mr. Chairman, I want to ask you gentlemen one question. Are you in favor of going ahead and balancing the Budget? If you are, here is how you can do it. This proposal is not a sales tax, it is simply a privilege tax on manufacturers, wholesalers, mail-order houses, and chain stores for doing business in interstate commerce.

Mr. EVANS of California. How much will it raise?

Mr. McKEOWN. Over \$700,000,000—enough to balance the Budget. You will have no trouble with the Budget if you adopt this amendment. There are \$40,000,000,000 of

business in the United States, a large part of which is done in interstate commerce, and if you put this amendment in your bill, you put a fair tax on the privilege of doing business in interstate commerce, your local manufacturer and your local wholesaler will not have to pay anything but their State tax—and that is heavy enough—and you will raise \$700,000,000.

Let me tell you how much retail business national chain stores do in Texas. They sell in Texas \$137,000,000 a year, a large portion of which is not taxed in Texas, \$174,000,000 in Missouri, and these mail-order houses sell anywhere from 5 to 12 per cent of the retail trade of the United States. If you want something that will get money by a fair tax spread all over the territory, you should adopt this amendment.

Mr. MEAD. And it will have a tendency to localize business.

Mr. McKEOWN. It will have that effect. There are 354 national chain systems in this country, and this will bring in about \$12,500,000. The manufacturer that sells direct to the consumer will pay \$100 on every \$10,000 of business.

Now, you say you want to balance the Budget. This will balance all of it.

[Here the gavel fell.]

Mr. McKEOWN. I ask unanimous consent for five minutes more.

Mr. SWING. I object.

Mr. RAGON. Mr. Chairman, I do not believe it is necessary to discuss the objections to this amendment. I just want to call to the attention of the House the fact that by an impressive majority it has been indicated that this House is opposed to anything that will impose a burden of increased taxation on the consumer in the shape of a sales tax. A sales tax is a license to a person to do business. My friend from Oklahoma [Mr. McKEOWN] seeks to make a distinction and calls his plan a privilege tax and not a plain license.

The paragraph you have just defeated here carried a percentage of 2¼. The gentleman from Oklahoma submits one for one-half of 1 per cent. The only thing that you can make of it is that it is simply a sales tax on a smaller scale of percentage. There is a danger in his suggestion, not in the paragraph which has just been defeated, and that is the matter of pyramiding. The gentleman permits the manufacturer to pyramid, he permits the wholesaler to pyramid, and he permits the broker to pyramid, because he puts a tax on each one of them; and as the manufacturer sells to the wholesaler he would incorporate his tax, and as the wholesaler sells to the broker or the retailer he would not only incorporate his own tax but also the manufacturers' tax. So you would have a triple pyramiding right there at the beginning before it goes into the hands of the retailer; and if the retailer happens to be a chain store, he will pyramid it again. I greatly regret to be compelled to disagree with my friend from Oklahoma, but I think his amendment should be defeated.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. RAGON. With pleasure.

Mr. McKEOWN. The purpose of this amendment was obvious. It had no other purpose than to raise money to balance the Budget.

Mr. RAGON. And that is just exactly what we thought of the manufacturers' excise tax.

The CHAIRMAN. The question is on the amendment of the gentleman from Oklahoma.

The amendment was rejected.

The CHAIRMAN. The Clerk will report paragraph (b). The Clerk read as follows:

(b) In addition to any other tax or duty imposed by law, there shall be imposed a tax of 2¼ per cent ad valorem (except as provided in subsection (d)) on every article imported into the United States, unless—

(1) The consignee (within the meaning of the tariff act of 1930) is a licensed manufacturer (or his agent) and the article is an article for further manufacture; or

(2) The consignee (within the meaning of such act) is a registered dealer (or his agent) and the article is an article for further manufacture to be resold to a licensed manufacturer;



(3) The article is imported by a State or political subdivision thereof, or any agency thereof, for use solely in the exercise of a governmental function; or

(4) The article is specifically hereinafter exempted.

Mr. DOUGHTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DOUGHTON: Page 226, lines 8 and 9, strike out the words "of 2¼ per cent ad valorem (except," and in line 10, strike out all after the word "States" down to and including the word "exempted," in line 22.

Mr. DOUGHTON. Mr. Chairman, the purpose of this amendment is to get rid of the import taxes, except on those enumerated in subsection (d). It strikes out the tax on everything else contained in this sales tax.

Mr. LEWIS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LEWIS. If the amendment should be adopted, would that mean that the oil section of this sales tax bill would be also adopted?

Mr. DOUGHTON. It would be left as it is, for future action of the committee.

Mr. UNDERHILL. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. UNDERHILL. I appeal to the gentleman from North Carolina, that until we know more about what we have done this afternoon, either through the newspapers or through the RECORD or by radio or in some other manner, we better not adopt any more amendments. I ask the gentleman from North Carolina or the gentleman from Georgia or the gentleman from Illinois, to move that the committee do now rise, so that we may have a chance to ascertain what we have done, and I do this in the interest of orderly procedure and in the interest of the reputation of this House.

Mr. DOUGHTON. This merely completes the action proposed in my first amendment. I insist on a vote.

Mr. LA GUARDIA rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. LA GUARDIA. In support of the amendment offered by the gentleman from North Carolina.

The CHAIRMAN. The gentleman from New York is recognized.

SEVERAL MEMBERS. Let us have the amendment again reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment of the gentleman from North Carolina, and the paragraph as it will read if the amendment be adopted.

The Clerk read as follows:

Amendment offered by Mr. DOUGHTON: Page 226, lines 8 and 9, strike out the words "of 2¼ per cent ad valorem (except," and in line 10 strike out all after the word "States," down to and including the word "exempted," in line 22.

So that the paragraph will read:

(b) In addition to any other tax or duty imposed by law there shall be imposed a tax as provided in subsection (d) on every article imported into the United States.

Mr. LA GUARDIA. Mr. Chairman, I have asked for this time simply to recall to the committee the statement made by the gentleman from Georgia [Mr. CRISP], that the real test on the sales tax will be made on paragraph (a). It will be recalled the gentleman stated that he would abide by the vote on the Doughton amendment and that he would not oppose further amendments to carry out the will of the House eliminating all sales tax provisions. That has just been stricken from the bill by the committee. The amendments which will follow are simply carrying out the will of the committee. I am sure the gentleman from Massachusetts does not want the record to show, to use his own words, that "no one here knows what the committee has done to-day." I say to the gentleman from Massachusetts that if he does not know what we did to-day he is the only person in the United States who does not know it.

Mr. UNDERHILL. Will the gentleman yield?

Mr. LA GUARDIA. For the information of the gentleman from Massachusetts [Mr. UNDERHILL], I will say that what we did was to strike out paragraph (a) of section 601, which means that the House disapproves of the sales tax and that it is entirely stricken from the bill.

Mr. UNDERHILL. Will the gentleman yield, now?

Mr. LA GUARDIA. Yes.

Mr. UNDERHILL. What did we do before that?

Mr. LA GUARDIA. Before that we adopted the amendment offered by the gentleman from Georgia [Mr. CRISP], with other amendments exempting additional articles, and now it all went out of the window. [Applause.]

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. LA GUARDIA. Yes.

Mr. JOHNSON of Washington. I know the gentleman from New York is trying to be fair.

Mr. LA GUARDIA. Certainly.

Mr. JOHNSON of Washington. The confusion for the moment was on the amendment offered by the gentleman from North Carolina [Mr. DOUGHTON] to strike out certain words, from line 7 to line 10, reading—

In addition to any other tax duty imposed by law there shall be imposed a tax as provided in subsection (d) on every article imported in the United States.

Now, we are ready to start writing a tariff bill. Let us write it.

Mr. LA GUARDIA. The section before the House, which the gentleman from North Carolina would strike out, is simply a compensating tariff to make up the 2¼ per cent manufacturers' tax, if that had been accepted. It is, so to speak, the enacting clause of the provisions that follow. That leaves sufficient wording in the paragraph to carry out the intent as to the import tax, in the event that paragraph (d) remains in the bill. Please note that all that is left is the necessary enacting clause for the import provisions of paragraph (d). If paragraph (d) goes out of the bill, then according to the unanimous consent already obtained by the gentleman from Georgia we revert back to (b), and the remaining provision goes out, too.

Mr. BLANTON. Will the gentleman yield?

Mr. LA GUARDIA. Yes.

Mr. BLANTON. It was the understanding between the gentleman from North Carolina [Mr. DOUGHTON] and the gentleman from Georgia [Mr. CRISP] and with the committee that if the motion of the gentleman from North Carolina to strike out paragraph (a) prevailed, then the gentleman from Georgia and his committee would offer no resistance whatever to the other motions of the gentleman from North Carolina to strike out succeeding paragraphs in the sales-tax section, and they are offering no resistance.

Mr. LA GUARDIA. No; of course not. That is clear. The House having voted against the sales tax, all reference to it by agreement will go out, as a matter of course.

Mr. BLANTON. So there ought not be any trouble about this present motion to strike out that portion of paragraph (b) within the agreement made.

Mr. LA GUARDIA. Of course not.

Mr. CRISP. Mr. Chairman, may I make this suggestion, in the interest of all of us and in the interest of the bill: I think, according to the vote of the committee a while ago, the manufacturers' tax title is eliminated, and, as far as I am personally concerned, I am willing to give unanimous consent to strike out all of the remaining paragraphs relating to the manufacturers' sales tax.

There are three or four other items in that title that are not connected in any way with the 2¼ per cent manufacturers' sales tax. For instance, there is a provision there levying a specific tax upon lubricating oil, on imported oil and gasoline, on wort, and on grape concentrate. I would like to see this done, if it is agreeable to the House—to strike out the remaining sections of that paragraph, then let the committee rise and to-morrow begin consideration of these special items left in the tax title. I will call the Ways and Means Committee to meet at 10 o'clock to-morrow morning. If this agreement is accepted, this will be notice



to the Committee on Ways and Means that they are called to meet at 10 o'clock to-morrow morning. Then I hope the Committee on Ways and Means may be able to recommend to you again some other provisions to raise revenue. Whether or not it meets your approval is for you to decide when it comes in.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. CRISP. I yield.

Mr. BRITTEN. Does the gentleman think that after his meeting to-morrow morning in the Committee on Ways and Means the committee is at all likely to give serious consideration to that revenue-collecting measure called a tax on beer, that will provide five or six or seven hundred million dollars of easy money for the Treasury?

Mr. CRISP. I do not think so, but the gentleman from New York to-morrow is going to offer an amendment to that effect, and the Committee of the Whole House on the state of the Union will have an opportunity to express its view about it.

Mr. SCHAFER. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. SCHAFER. Do I understand that the gentleman states he has agreed to take out all the manufacturers' sales tax provisions of this title, and that will also include the 30 per cent manufacturers' sales tax on malt and malt sirup used for food, used by bakers, and used for medicine for children?

Mr. CRISP. No. My request would be to leave in all these special excise taxes for the committee to consider when they next get the bill.

Mr. SCHAFER. Well, that is a manufacturers' sales tax of 30 per cent.

Mr. CRISP. Instead of being 2¼ per cent, that is 30 per cent.

Mr. PARSONS. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. PARSONS. The amendment offered by the gentleman from North Carolina [Mr. DOUGHTON] begins with section (b). Under the gentleman's arrangement, the gentleman would propose to strike out the remaining part of the section down to (d), line 9, page 228; beginning with line 7, page 226, strike out down to and including line 8 on page 228.

Mr. BLANTON. But the pending motion ought to be adopted first.

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The CHAIRMAN. The question is on the motion of the gentleman from Georgia [Mr. CRISP], that the committee do now rise.

Mr. CRISP. Mr. Chairman, after conference with the majority leader and some of the others, I ask unanimous consent to withdraw my motion that the committee rise.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. RAINEY. Mr. Chairman, the situation is perfectly simple. The sales tax has been defeated. There is no question about that. Nobody knows that better than I do. The motion offered by the gentleman from North Carolina [Mr. DOUGHTON] is a perfecting motion. It is to take from the bill every vestige of the sales tax and leave these other things, like malt sirup and the rest of them.

The whole matter is settled when there is an affirmative vote on Mr. DOUGHTON's amendment. It ought to be unanimous and get through with it.

Mr. BLANTON. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The question is on the amendment of the gentleman from North Carolina.

The amendment was agreed to.

Mr. CRISP. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Com-

mittee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, and had come to no resolution thereon.

#### EXTENSION OF REMARKS—THE SALES TAX

Mr. FREAR. Mr. Speaker, the result of the long and hard fought "consumption-tax" proposal is found in the vote by tellers that rejected the tax 223 to 153, or a majority of 70 against the tax. This speaks for itself.

For many years foes of the income-tax proposal have contested at every step every effort to "tax according to ability to pay." With annual incomes ranging from below \$10,000 to \$10,000,000, and with \$3,500 exemptions for married couples, many of these men bitterly fought the first income tax law at every step. Finally they won the first battle by a 5 to 4 decision in the Supreme Court, which declared that law unconstitutional. Then the people of this country became aroused and wrote into the Constitution the sixteenth amendment, which contained a specific provision that "Congress shall have power to lay and collect taxes on incomes." This Congress did a second time.

Again great opposition influences sought to have the Supreme Court set aside the will of the people by a decision exempting undistributed corporation profits and "stock dividends" that thereby avoided distribution of profits. Again the Supreme Court by a 5 to 4 decision partially emasculated the income tax law by holding such tax evasions could not be reached by Congress. Thereupon an estate tax law to reach tax-free securities, and when avoided by gifts during life a tax has been placed in the pending bill to prevent evasion of the tax.

In the RECORD of March 11 and 17 I disclosed at length how favored holders of large wealth have constantly sought to evade this law in Congress and in the courts. That tax now graduated from 1 to 20 per cent, with \$3,500 exemption, only averages 10 per cent on incomes of \$100,000 annually and 20 per cent above that large return. Graduated increases should be averaged accordingly. I absolve the committee from any unfair purpose, but its unanimous and sudden report to lay a \$600,000,000 increased tax on consumption necessities of 120,000,000 people, whether rich or poor, with an estimated increase in prices on such necessities of possibly over \$2,000,000,000 annually, is hard to understand. Many men of large wealth have heretofore advocated a sales tax to be substituted for the Federal income tax.

A sales tax with increased rates is urged by Mr. Hearst and many others "to replace the income tax." Not one tax expert of standing has recommended this unjust tax, while I have offered testimony from a score of high-class experts who in the past have appeared against any such indefensible proposal that tax is now defeated.

Letters of commendation are many. One at hand reads:

March 23, 1932.

DEAR MR. FREAR: I congratulate you on the letter opposing a sales tax you sent your fellow Members. If you will furnish me \* \* \* of this letter I will mail one to every official of the Farmers Union \* \* \*.

Yours truly,

JOHN A. SIMPSON, President.

In support of the splendid contest waged by others who took over the burden that was largely mine, when last before the House, I sent the letter which reads:

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., March 21, 1932.

DEAR COLLEAGUE: The Democratic leader closed a tax debate Saturday, March 19, by charging that House action resenting a sales tax and increasing income taxes was "nearer communism than any other country in the world except Russia." That same day the politically powerful Hearst papers demanded a "Federal sales tax and excise tax, to replace the income tax." That is the issue. The income tax has always been fought in Congress and in the courts by wealth. What about "communism?"

Shortly after the revolution, with Senators KING and LADD, I traveled 8,000 miles through Russia interviewing workers on farms, in mines, in factories, President Kallinin, and others. Their revolution, they alleged, resulted from concentration of practically all wealth in the hands of the czar and nobility, accom-



panied by extreme poverty of the masses and cruel oppression. That resulted in Russian communism.

Our Government is founded on the Constitution and equal rights of its citizens. We are representatives of the people, responsible in part for their welfare, and none would exchange this Government for any other. In this land, however, men like Rockefeller, Ford, the Mellon, have amassed wealth in single families reported to reach 10 figures. Thousands of others have accumulated large fortunes until we are advised 5 per cent of our people now own or control 75 per cent of all the fluid wealth of the country. A balanced Budget is also now demanded.

The issue is a \$600,000,000, with added profits, consumption tax suddenly presented. It is offered as an alternative for a "Treasury tax" program. No reason is offered for confining legislative action to either.

In the RECORD of March 17 President Green, American Federation of Labor, is quoted saying this tax will increase cost of "clothes, shoes, necessities, including a large percentage of food-stuffs. It will "add to the misery, want, and woe now in the land." The National Grange writes 27,000,000 people on farms will be further oppressed by the proposed tax. The Farm Bureau says a sales tax is based on "the necessity to consume." The Farmers Union says this tax has aroused more apprehension than any other measure since the war. The National Democratic Convention, 1924, declared, "We oppose the so-called sales tax \* \* \* that unfairly shifts to the consumer the burdens of taxation."

England has always rejected it. Our income-tax rates are far lower than those of England, France, or Germany. (RECORD, p. 6393.) So, too, our estate and other taxes. Tax experts and eminent authorities quoted in above RECORD all denounce a consumption tax, now planned to relieve the rich by "soaking the poor." If once adopted, it can not be removed. Green, Simpson, Gray, Brenckman, and others warn us against a tax that encourages "communists" more than any act ever before pressed on Congress. These officers speak for many millions of our people. Lest we forget, we represent them too.

Sincerely yours,

JAMES A. FREAR.

I do not believe any further attempt will occur this session at either end of the Capitol to enact a consumption tax. After some experience in the circuitous methods of procedure used by agencies that have attacked the income tax repeatedly in Congress and the courts, I do say the tax will again bob up and find many supporters, who again will seek with holders of large wealth and large incomes to substitute some form of sales tax for the tax on incomes and estates.

#### SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1590. An act granting certain public lands to the State of New Mexico for the use and benefit of the Eastern New Mexico Normal School, and for other purposes.

#### ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 52 minutes p. m.) the House adjourned until to-morrow, Friday, March 25, 1932, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Friday, March 25, 1932, as reported to the floor leader by clerks of the several committees:

##### BANKING AND CURRENCY

(10 a. m.)

Hearing, home-loan subcommittee.

##### NAVAL AFFAIRS

(10 a. m.)

Private bills.

##### POST OFFICE AND POST ROADS

(10.30 a. m.)

To regulate the manufacture and sale of stamped envelopes (H. R. 8493 and H. R. 8576).

##### COINAGE, WEIGHTS, AND MEASURES

(10 a. m.)

Silver investigation.

##### PATENTS

(10 a. m.)

Copyright bill.

#### DISTRICT OF COLUMBIA

(10.30 a. m.)

Subcommittee on the Judiciary, District of Columbia (H. R. 461 and H. R. 7752).

#### PUBLIC LANDS

Hearings discontinued.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

502. A communication from the President of the United States, transmitting for the consideration of Congress, and without revision, a supplemental estimate of appropriation pertaining to the legislative establishment, Government Printing Office, for the fiscal year 1933, in the sum of \$500,000 (H. Doc. No. 283); to the Committee on Appropriations.

503. A letter from the executive secretary of the Near East Relief, transmitting a report for the year ending December 31, 1931, of the Near East Relief; to the Committee on the Judiciary.

504. A letter from the chairman of the United States Tariff Commission, transmitting a report of the United States Tariff Commission; to the Committee on Ways and Means.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on the District of Columbia. H. R. 10273. A bill to establish a board of indeterminate sentence and parole for the District of Columbia and to determine its functions, and for other purposes; with amendment (Rept. No. 881). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Expenditures in the Executive Departments. H. R. 10743. A bill to require the purchase of domestic supplies for public use and the use of domestic materials in public buildings and works; without amendment (Rept. No. 882). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUTLER: Committee on the Public Lands. H. R. 9970. A bill to add certain land to the Crater Lake National Park in the State of Oregon, and for other purposes; with amendment (Rept. No. 886). Referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. KERR: Committee on War Claims. H. R. 3321. A bill for the relief of R. S. Howard Co. (Inc.); with amendment (Rept. No. 883). Referred to the Committee of the Whole House.

Mr. MARTIN of Oregon: Committee on War Claims. H. R. 6424. A bill granting jurisdiction to the Court of Claims to hear the case of David A. Wright; without amendment (Rept. No. 884). Referred to the Committee of the Whole House.

Mr. PETTENGILL: Committee on Military Affairs. H. R. 3627. A bill for the relief of James Wallace; with amendment (Rept. No. 885). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDRESEN: A bill (H. R. 10793) to establish and promote the effective merchandising of certain basic agriculture commodities in interstate and foreign commerce by the fixing of a minimum marketing price for such commodities; to the Committee on Agriculture.

By Mr. COCHRAN of Missouri: A bill (H. R. 10794) to consolidate and coordinate certain governmental activities



affecting the civil service of the United States; to the Committee on Expenditures in the Executive Departments.

By Mr. WOLCOTT: A bill (H. R. 10795) to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.; to the Committee on Interstate and Foreign Commerce.

By Mr. BLOOM: A bill (H. R. 10796) to amend section 9 of the act entitled "An act to amend and consolidate the acts respecting copyrights," approved March 4, 1909; to the Committee on Patents.

By Mr. VINSON of Georgia: A bill (H. R. 10797) to equalize tariff duties by compensating for depreciation in foreign currencies; to the Committee on Ways and Means.

By Mr. SIROVICH: A bill (H. R. 10798) for the safety of lives and the preservation of property at sea; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. CRAIL: A bill (H. R. 10799) to make capital punishment the penalty for transporting kidnapped persons in interstate or foreign commerce, and for other purposes; to the Committee on the Judiciary.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM: A bill (H. R. 10800) for the relief of Joe Setton; to the Committee on Claims.

Also, a bill (H. R. 10801) for the relief of Antoine J. Prunier; to the Committee on Military Affairs.

By Mr. COCHRAN of Missouri: A bill (H. R. 10802) granting a pension to Paul J. Wichman; to the Committee on Pensions.

By Mr. COOPER of Ohio: A bill (H. R. 10803) authorizing Richard T. Ellis, colonel in the United States Army, to accept the decoration of Officer of the Legion of Honor conferred upon him by the Government of France; to the Committee on Foreign Affairs.

By Mr. CRAIL: A bill (H. R. 10804) granting a pension to Pearl Bouchie; to the Committee on Pensions.

By Mr. DAVIS: A bill (H. R. 10805) for the relief of Gordon McGee; to the Committee on Military Affairs.

By Mr. DOETRICH: A bill (H. R. 10806) for the relief of Charles W. Buck; to the Committee on Military Affairs.

By Mr. ERK: A bill (H. R. 10807) granting an increase of pension to Kate S. Berry; to the Committee on Invalid Pensions.

By Mr. FINLEY: A bill (H. R. 10808) granting an increase of pension to Mary A. Choate; to the Committee on Invalid Pensions.

By Mr. GUYER: A bill (H. R. 10809) granting a pension to Mary E. Adams; to the Committee on Invalid Pensions.

By Mr. HERR: A bill (H. R. 10810) providing an appropriation of \$1,000 to search for Lieut. Edward D. Hoffman, lost while on flight in an Army bombing plane; to the Committee on Appropriations.

By Mr. HOUSTON of Delaware: A bill (H. R. 10811) for the relief of the Hamburg-American Line; to the Committee on Claims.

By Mr. MORTON D. HULL: A bill (H. R. 10812) granting an increase of pension to Mrs. Frank Talbot; to the Committee on Invalid Pensions.

By Mr. KURTZ: A bill (H. R. 10813) granting an increase of pension to Sarah C. Nicewonger; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10814) granting an increase of pension to Mary E. Askey; to the Committee on Invalid Pensions.

By Mr. MANLOVE: A bill (H. R. 10815) granting an increase of pension to Sarah E. Lewis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10816) granting an increase of pension to Corinda C. Russell; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 10817) granting an increase of pension to Jennie G. Crabs; to the Committee on Invalid Pensions.

By Mr. PARSONS: A bill (H. R. 10818) granting an increase of pension to Susan B. Hill; to the Committee on Invalid Pensions.

By Mr. SUTPHIN: A bill (H. R. 10819) for the relief of John Parker Clark, jr.; to the Committee on Claims.

Also, a bill (H. R. 10820) for the relief of John Parker Clark, sr.; to the Committee on Claims.

By Mr. SWICK: A bill (H. R. 10821) granting an increase of pension to Dorothy F. Reed; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H. R. 10822) granting a pension to Fred F. Hill; to the Committee on Pensions.

By Mrs. WINGO: A bill (H. R. 10823) granting a pension to Vina Provence; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4890. By Mr. ALDRICH: Resolution of Polish-American Citizens Club, of Anthony, R. I., urging passage of House Joint Resolution 144, directing the President to proclaim October 11 of each year as General Pulaski Memorial Day; to the Committee on the Judiciary.

4891. By Mr. BEAM: Resolution by Group No. 110 of the Polish National Alliance, memorializing Congress to enact House Joint Resolution 144, to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4892. Also, resolution by Group No. 2653 of the Polish National Alliance, memorializing Congress to enact House Joint Resolution 144, to proclaim October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4893. By Mr. BLOOM: Petition of residents of New York City, protesting against the compulsory Sunday observance bill, S. 1202, entitled "A bill providing for the closing of barber shops on Sunday in the District of Columbia," or any other compulsory religious measures that have been or shall be introduced, such as House bill 8092; to the Committee on the District of Columbia.

4894. By Mr. BOHN: Petition of McArthur Auxiliary, No. 29, United Spanish War Veterans, Cheboygan, Mich., endorsing the Gasque bill, H. R. 7230, granting pensions to widows of all wars; to the Committee on Pensions.

4895. By Mr. CRAIL: Petition of the Women's Law Observance Association of Los Angeles, Calif., protesting against the repeal, resubmission, revision, or nullification of the eighteenth amendment; to the Committee on the Judiciary.

4896. By Mr. EVANS of California: Petition signed by the Granada Park Woman's Christian Temperance Union, protesting against any resubmission of the eighteenth amendment; to the Committee on the Judiciary.

4897. Also, petition signed by approximately 29 residents, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4898. By Mr. EVANS of Montana. Resolution of Montana State branch of the National Woman's Party, urging submission to the States for ratification the equal rights amendment; to the Committee on the Judiciary.

4899. By Mr. FRENCH: Petition of 12 citizens of Washington County, Idaho, protesting against compulsory Sunday observance; to the Committee on the Judiciary.

4900. By Mr. GARBER: Petition of Beaver Post, No. 149, American Legion, Beaver, Okla., supporting the payment of adjusted-compensation certificates; to the Committee on Ways and Means.

4901. By Mr. GILCHRIST: Petition signed by 112 citizens of Burt, Iowa, and vicinity, protesting against the admission tax on the lower admission classifications and any sales tax, stating that such tax would be injurious and detrimental to the business in their community; also stating that such a tax would result in the closing of many theaters in their territory and further increase the number of unemployed; to the Committee on Ways and Means.

4902. By Mr. GLOVER: Resolution of the Legislature of Arkansas; to the Committee on Ways and Means.



4903. Also, resolution of King Belser Post, No. 94, of Arkansas City, Ark.; to the Committee on Pensions.

4904. By Mr. JOHNSON of Texas: Petition of Thomas Bell, route 3, Hubbard, Tex., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4905. Also, petition of Dr. E. E. Thomas, of Prairie Hill, Tex., favoring a tax on crude oil imported from foreign countries; to the Committee on Ways and Means.

4906. Also, petition of W. M. Rutherford and 40 other citizens of Thorndale, Tex., favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4907. Also, petition of T. K. Morris, secretary chamber of commerce, Itasca, Tex., and 34 other citizens of Itasca, favoring House bills 6305 and 8684; to the Committee on the Post Office and Post Roads.

4908. By Mr. KELLER: Petition of Local Union No. 639, United Mine Workers of America, Sesser, Ill., urging the passage of Senate bill 2793; to the Committee on Interstate and Foreign Commerce.

4909. Also, petition of Egyptian Lodge, No. 365, of the Brotherhood of Railway Carmen of America, asking for support and passage of House bill 9891; to the Committee on Interstate and Foreign Commerce.

4910. Also, petition of Rotary Club of Zeigler, Ill., favoring the passage of Senate bill 2793, extending to Interstate Commerce Commission power to regulate busses and trucks engaged in interstate commerce; to the Committee on Interstate and Foreign Commerce.

4911. Also, petition of city of Sparta, Ill., favoring enactment of legislation to regulate the use of the public highways by busses and trucks; to the Committee on Interstate and Foreign Commerce.

4912. Also, petition of FitzPatrick Post, No. 32, American Legion, Mound City, Ill., urging the passage of House bill 1, for the payment of the balance of the adjusted compensation; to the Committee on Ways and Means.

4913. By Mr. MEAD: Petition of Group No. 2135, Polish National Alliance, urging enactment of House Joint Resolution 144; to the Committee on the Judiciary.

4914. By Mr. PARKER of Georgia: Petition of Col. William L. Grayson and five other citizens of Savannah, Ga., urging enactment of legislation regulating busses and trucks carrying passengers and freight in interstate commerce; to the Committee on Interstate and Foreign Commerce.

4915. Also, resolution of the Savannah (Ga.) Chamber of Commerce, protesting against any change in the control and operation of rivers and harbors development; to the Committee on Rivers and Harbors.

4916. Also, petition of Eugene Talmadge, commissioner of agriculture of the State of Georgia, and James D. Gunn, president Peerless Basket Co., of Cuthbert, Ga., protesting against certain phases of proposed tax legislation; to the Committee on Ways and Means.

4917. Also, petition of John E. Hall and 26 other ex-service men of Toombs County, Ga., urging the enactment of House bill 1; to the Committee on Ways and Means.

4918. By Mr. RAINEY: Petition of W. C. Vaas and 50 other citizens of Centralia, Ill., favoring a reduction in the cost of running the Government; to the Committee on Appropriations.

4919. By Mr. RUDD: Petition of the American Alliance of the United States, favoring protection for American labor and industry, and protesting against the importation of Soviet products; to the Committee on Labor.

4920. Also, petition of American Manufacturing Co., Brooklyn, N. Y., opposing the passage of House bill 8559; to the Committee on Agriculture.

4921. Also, petition of Whitaker & Co., New York City, favoring the Baldrige bill, H. R. 7430, and the Andresen bill, H. R. 9971; to the Committee on the Judiciary.

4922. Also, petition of Pan American Petroleum & Transport Co., New York City, with reference to House bill 9256, relating to certain sections of the proposed bill; to the Committee on Merchant Marine, Radio, and Fisheries.

4923. Also, petition of Richard Hudnut Co., New York City, opposing an excise tax higher than the proposed sales tax on cosmetics; to the Committee on Ways and Means.

4924. Also, petition of Massachusetts Fisheries Association, Boston, Mass., opposing a tax on imported oil and on lubricating oil; to the Committee on Ways and Means.

4925. Also, petition of American Manganese Producers' Association, favoring a tax of 1 cent per pound on imported manganese; to the Committee on Ways and Means.

4926. Also, petition of Pauline Platek, of Brooklyn, N. Y., opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4927. Also, petition of L. Isaacson & Son, opposing the manufacturers' sales tax; to the Committee on Ways and Means.

4928. Also, petition of Graham County Chamber of Commerce, Safford, Ariz., favoring a 5-cent tariff on foreign copper, as proposed by Mr. DOUGLAS of Arizona; to the Committee on Ways and Means.

4929. Also, petition of Bushwick Heights Democratic Club, Brooklyn, N. Y., and George R. Carmody, executive member, opposing the proposed sales tax; to the Committee on Ways and Means.

4930. Also, petition of Actors Equity Association, New York City, favoring the Connery amendment to the revenue bill exempting the legitimate drama from the proposed 10 per cent tax; to the Committee on Ways and Means.

4931. By Mr. SANDERS of New York: Petition signed by Frank W. Mathews and 37 others, members of the Smith-Warren Post, No. 367, American Legion, of Monroe County, favoring the immediate payment of the balance of the face value of the adjusted-compensation certificates; to the Committee on Ways and Means.

4932. By Mr. SELVIG: Petition of Hallock American Legion Post, unanimously favoring the bonus; to the Committee on Ways and Means.

4933. Also, petition of American Legion Auxiliary of Ada, Minn., supporting the widows and orphans' bill; to the Committee on Pensions.

4934. By Mr. SWICK: Petition of Florence C. Keck and five other residents of Butler and Great Belt, Butler County, Pa., urging the enactment of legislation for the immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4935. Also, petition of the Woman's Christian Temperance Union of Conoquenessing, Butler County, Pa., protesting against the resubmission of the eighteenth amendment to the Constitution to the State legislatures or conventions; to the Committee on the Judiciary.

4936. Also, petition of Thomas Frish and five other residents of Evans City, Butler County, Pa., urging the enactment of legislation providing the full payment of adjusted-service certificates; to the Committee on Ways and Means.

4937. Also, petition of Roe S. Johnston and five other residents of Renfrew and Valencia, Butler County, Pa., urging the enactment of legislation providing for the payment in full of adjusted-service certificates; to the Committee on Ways and Means.

4938. Also, petition of Ralph C. Lacy and five other residents of Euclid, Butler County, Pa., urging the enactment of legislation providing for the immediate full payment of adjusted-service certificates; to the Committee on Ways and Means.

4939. Also, petition of A. F. Hetrick and five other residents of Chicora, Butler County, Pa., urging the enactment of legislation providing for the immediate full cash payment of adjusted-service certificates; to the Committee on Ways and Means.

4940. Also, petition of Percy V. Leighton and five other residents of Karns City and Chicora, Butler County, Pa., urging the immediate enactment of legislation for the payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

4941. Also, petition of Group No. 1013 of the Polish National Alliance of the United States, J. F. Tomaszewski,



secretary, 405 Eighth Street, Ambridge, Pa., urging the enactment of House Joint Resolution 144, directing the President of the United States to proclaim October 11 of each year as General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

4942. By Mr. WYANT: Petition of 80 railroad employees of Derry, Westmoreland County, Pa., urging support of a pension plan; to the Committee on Interstate and Foreign Commerce.

4943. Also, petition of 40 railroad employees of western Pennsylvania, urging support of Senate bill 3677 and House bill 9891, as sponsored by Railroad Employees' National Pension Association (Inc.); to the Committee on Interstate and Foreign Commerce.

4944. Also, petition of Women's Adult Class of the Sabbath school of the Methodist Episcopal Church of West Newton, Pa., protesting against any change in present prohibition laws; to the Committee on the Judiciary.

4945. Also, petition of the Ladies' Class of the Sabbath school of the Methodist Episcopal Church of West Newton, Westmoreland County, Pa., protesting against any change in present prohibition laws; to the Committee on the Judiciary.

4946. Also, petition of Group No. 2357, Polish National Alliance, Latrobe, Pa., urging enactment of legislation designating October 11 of each year as General Pulaski's Memorial Day; to the Committee on the Judiciary.

4947. Also, petition of Men's Bible Class of the Sabbath school of the Methodist Episcopal Church of West Newton, Pa., protesting against any change in present prohibition laws; to the Committee on the Judiciary.

4948. Also, petition of Young Women's Bible Class of the Sabbath school of the Methodist Episcopal Church of West Newton, Pa., protesting against any change in present prohibition laws; to the Committee on the Judiciary.

4949. By the SPEAKER: Petition of the Charles E. Nelson Post of the American Legion, Keyport, Wash., urging immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

## HOUSE OF REPRESENTATIVES

FRIDAY, MARCH 25, 1932

The House met at 12 o'clock noon.

The Rev. John Compton Ball, pastor of the Metropolitan Baptist Church, Washington, D. C., offered the following prayer:

Our Heavenly Father, as we bow in Thy divine presence this morning, we are not unmindful of the solemnity of this day and what it commemorates in the history of the world. As far as we are able to measure time, one thousand nine hundred and two years ago Thou didst reveal unto us, through Thy Son, the greatest evidence of love which our hearts have ever known; and we come in deep gratitude to Thee and thank Thee for what was done by the Lord Jesus Christ for us on Calvary's cross and to pray, as He prayed, that not His will but Thine might be done. So in our hearts and in our lives may our will be submitted to Thine in our own personal affairs and with regard to the greater affairs that have to do with our land. Let Thy blessing rest upon all our deliberations to-day that we may look upon Thee, not merely as a God of power and of might and of wisdom but a God of love who is leading us, we believe, among the nations, and who hast for us the desire that we usher in the kingdom that shall bring peace throughout the length and breadth of the earth. To this end, guide every one of us, for Christ's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

### CALL OF THE HOUSE

Mr. STEWART. Mr. Speaker, I raise the point that no quorum is present.

Mr. CRISP. Mr. Speaker, evidently there is not a quorum present. I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 33]

Abernethy	Dyer	Kennedy	Sirovich
Amle	Free	Kniffin	Smith, W. Va.
Beck	Freeman	Kurtz	Sparks
Beers	Gasque	Lewis	Spence
Buckbee	Gifford	Lozier	Stalker
Bulwinkle	Gillen	McGugin	Steagall
Busby	Golder	Parker, N. Y.	Stevenson
Carter, Wyo.	Gregory	Person	Strong, Kans.
Chapman	Griffin	Pettengill	Strong, Pa.
Collier	Hart	Pratt, Harcourt J.	Tucker
Corning	Haugen	Ramspeck	Vestal
Crump	Horr	Rayburn	Watson
Curry	Igoe	Reid, Ill.	Welsh, Pa.
Davis	Jenkins	Sabath	Wolcott
De Priest	Johnson, Ill.	Schuetz	Wood, Ga.
Dickstein	Kelly, Ill.	Selvig	Wood, Ind.
Douglas, Ariz.	Kendall	Shannon	

The SPEAKER. Three hundred and sixty-four Members have answered to their names, a quorum.

Mr. CRISP. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

Mr. CANNON. Mr. Speaker, I desire to announce that my colleague the gentleman from Missouri [Mr. LOZIER] is absent in Missouri, where he will deliver the keynote speech as temporary chairman of the Democratic State convention.

### EXTENSION OF REMARKS

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to insert a very instructive cartoon in the RECORD.

The SPEAKER. That can not be done by unanimous consent.

Mr. BOYLAN. I understood, Mr. Speaker, it was optional or discretionary with the Committee on Printing, and may the matter be referred to them, sir?

The SPEAKER. The gentleman's remedy is to apply to the Joint Committee on Printing or to change the statute in this particular.

Mr. BLANTON. I object, Mr. Speaker.

### THE UNKNOWN SOLDIER

Mr. DRANE. Mr. Speaker, I ask unanimous consent to publish in the RECORD a speech made at the auditorium in the Arlington National Cemetery on May 10, 1931—Mother's Day—on the subject "I Knew the Unknown Soldier," by Hon. RUTH BRYAN OWEN.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

ADDRESS OF HON. RUTH BRYAN OWEN, OF FLORIDA, AT ARLINGTON NATIONAL CEMETERY, MAY 10, 1931

I knew the Unknown Soldier, that composite of the youth of our Nation and of other nations who answered the call to arms in the World War.

I first saw him as he marched through the streets of London, one of the "first hundred thousand." The sky was heavy with clouds and the pavements dark and shiny with rain. Only a few of the troops were clad in military uniforms. Many marched just as they had left the bench in the factory or the stool in the office. We were almost within sound of the guns there—thundering guns heralding the oncoming storm of war. So certainly were these first troops under sentence of death that there was no cheering in the streets as they passed. Bystanders with bared heads stood at attention in silence. But the Unknown Soldier was singing as he strode along. "It's a Long, Long Way to Tipperary," he sang to the thud of tramping feet on the wet pavement.

I saw him again where he was sent back to a rest camp on the edge of the desert after months of fighting. There was not much to suggest repose in that cluster of blisteringly hot tents set down in a waste of yellow sand. But there was a chance to slacken taut nerves and tired muscles. In the big recreation pavilion there were concerts under the flare of gas lights, while silver moonlight whitened the sands of the desert all around us. I wondered why the troops liked to sing these plaintive home and mother songs, with an ocean and a battle front separating them from their own firesides. Leaning back against the rough benches, with half-closed eyes, they sang about the long, long trail a'winding to the land of their dreams. And they whistled tunes from the music halls with a lift and a swing to them, and forgot for an hour the mud and blood and anguish of the front line.

I next saw the Unknown Soldier when a slight wound had sent him into one of the stationary hospitals. Neither wound nor hospital discipline could quench his infectious good spirits. I remember we had a little table on wheels which carried surgical dressings from one bedside to another. When the nurses were out of the ward for a moment he would parade down the aisle be-